

Pioneer Distilleries Limited

Corporate Identity Number: L24116AP1992PLC055108
Reg. Office: UB House, Plot No.36, Street No.4, Srinagar Colony, Hyderabad 500 073
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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 Shareholders,

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), the following resolutions appended are proposed to be passed through postal ballot:

1. As an Ordinary Resolution:

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

Appointment of Mr. B.V. Krishna Reddy as a Director:

RESOLVED that Mr. B. V. Krishna Reddy (DIN: 07293482), who was appointed as an Additional Director by the Board of Directors of the Company and whose period of office expires on the date of the next Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

2. As a Special Resolution:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

Appointment of and remuneration payable to Mr. B.V. Krishna Reddy (DIN: 07293482) as Managing Director of the Company:

RESOLVED that subject to the provisions of Sections 196 and 197, read with Schedule V and other applicable provisions of the Companies Act, 2013, or any statutory modification or re-enactment thereof, Mr. B.V. Krishna Reddy (DIN: 07293482), be and is hereby appointed as Managing Director of the Company for a period of 2 (two) years with effect from October 01, 2015 on the following terms and conditions:

1	Basic Salary	In the salary range of Rs.2,02,700/- to Rs.2,92,700/- per month, including such increments as may be decided by the Board of Directors of the Company from time to time, and with appropriate increase in all benefits related to the quantum of salary
2	Housing/House Rent Allowance (HRA)	Rent-free Furnished/Unfurnished Company leased accommodation or HRA as per company rules @ 50% of basic salary
3	Personal Allowance	In the range of Rs.29,100/- to Rs.42,000/- per month
4	Hardship Allowance	Rs.25,000/- per month, as per the rules of the Company and as may be decided by the Board of Directors from time to time
5	Special Allowance	In the range of Rs.38,700/- to Rs.55,900/- per month

6	Leave Travel Assistance (LTA)	Rs.5000/- per month, as per the rules of the Company and as may be decided by the Board of Directors from time to time
7	Car Allowance	Rs.25,000/- per month, as per the rules of the Company and as may be decided by the Board of Directors from time to time
8	Driver Allowance	Up to Rs.10,000/- per month, as per the rules of the Company and as may be decided by the Board of Directors from time to time
9	Medical Reimbursement	Expenses incurred for self, spouse and immediate dependents who reside with you, as per the Company policy
10	Telephone Expenses	local telephone call expenses as per specified limits and as per the rules of the Company
11	Provident Fund, Gratuity	Admission and contributions will be as per the rules of the company and also as per rules of the Fund
12	Superannuation allowance	Rs.38,073/- per month. In case of admission to the superannuation fund (SAF) in future, the contribution will be as per the rules of the Company.
13	Annual Incentive Plan	Annual Incentive Plan target of Rs.9,27,180/- per year is a non-guaranteed incentive payment based on overall company's and individual performance as per the rules of the Company
14	<p>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.</p> <p>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.</p>	

The remuneration payable to Mr. Krishna Reddy (including Salary, HRA, Personal Allowance, Hardship Allowance, Special Allowance, perquisites, benefits, amenities, facilities and others as mentioned above) shall be subject to the applicable provisions of Section 197 and Schedule V of the Companies Act, 2013 or any other statutory provisions, modifications and re-enactments thereof.

Further RESOLVED that the remuneration as aforesaid by way of Salary, HRA, Personal Allowance, Hardship Allowance, Special Allowance, perquisites, benefits, amenities, facilities and others as mentioned above shall be paid and provided as "minimum remuneration" to Mr. Krishna Reddy, notwithstanding the absence or inadequacy of profits in any financial year of the Company during the tenure of his office as the Managing Director of the Company, subject to the approval of the Central Government, if required.

Further RESOLVED that Mr. Krishna Reddy, Managing Director, be entrusted with substantial powers of management and will be responsible for the general conduct and management of the business and affairs of the Company, subject to the superintendence, control and supervision of the Board of Directors of the Company.

3. As an Ordinary Resolution:

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

Approval of arrangements for recharge of salary, reimbursement of travel and other expenses, payment of guarantee commission by the Company to United Spirits Limited and transfer of accumulated leave salary :

RESOLVED that pursuant to the recommendation by the Audit Committee and the Board of Directors of the Company and in compliance with and subject to the applicable provisions of the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015, and subject to such other approvals, permissions and sanctions as may be necessary and such conditions or modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and subject to the provisions of the Memorandum and Articles of Association of the Company, approval of the shareholders be and is hereby accorded to the Company entering into the following arrangements by the Company:

- i. Recharge of salary of executives of United Spirits Limited, holding company of the Company (USL) deployed at the factory of the Company for the year 2015 -16, an amount of up to Rs.20,700,000/-;
- ii. Reimbursement of travel and other expenses by the Company to USL for the year 2015 -16, an amount of up to Rs.5,00,000/-;
- iii. Payment of guarantee commission of an amount of up to Rs.50,00,000/- p.a. to USL (calculated at the rate of 0.50% p.a. on an amount of up to Rs.100 Crores); and
- iv. Transfer of an amount of up to Rs.9,00,000/- on account of accumulated leave salary of said executives of USL deployed at the factory of the Company who will be moving on the roles of the Company w.e.f. April 01, 2016.

Further RESOLVED that the Board is hereby authorised to do, perform or cause to be done all such acts, deeds, matters and things as may be necessary or desirable, and to do all other acts and things as may be incidental, necessary or desirable to give effect to the above resolution.

Further RESOLVED that the Board is hereby authorised to delegate all or any of its powers conferred by the above resolutions to any director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions.

By Order of the Board

Bangalore
April 04, 2016

Santhosh Kumar Keerthi
Company Secretary

NOTES:

1. A copy of this notice together with Postal Ballot Form has been placed on the website of the Company www.pioneerdistilleries.com and shall remain on the website until the last date for receipt of the postal ballots from the shareholders.
2. 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 businesses specified in the notice and the reasons thereto is annexed hereto.
3. The postal ballot form for voting by shareholders is enclosed.
4. 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 Hyderabad.
5. The notice is being sent to all the members of the Company, whose names appear on the register of members / record of depositories as on April 08, 2016 (being the cut-off date).
6. Mr. Sudhir V Hulyalkar, Company Secretary in Practice has been appointed 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, Bangalore 560 004.
7. 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. on the May 14, 2016 ("Last Date").

8. The scrutinizer will submit his report to the Managing Director / 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 May 16, 2016 at the registered office of the Company and by placing it, along with the scrutinizer's report, on the website of the Company at www.pioneerdistilleries.com and will also be communicated to the stock exchanges where the equity shares of the Company are listed. The Resolutions, if approved, will be taken as passed effectively on the date of declaration of result.
9. The draft agreement proposed to be entered into by the Company with United Spirits Limited and agreement with Mr. Krishna Reddy, Managing Director referred to in this notice and explanatory statement are open for inspection at the registered office of the Company on all working days of the Company (except Saturdays and Sundays) between 11.00 a.m. and 5.30 p.m. up to May 14, 2016.
10. The Company has designated an exclusive email id viz., pdlinvestor@unitedspirits.in to enable the investors to post their grievances and monitor its redressal.
11. In accordance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 22 of the Rules, the Company is pleased to offer an e-voting facility to shareholders, and businesses connected with this postal ballot may be transacted by the shareholders through such e-voting system. Notice of this postal ballot has been sent by email to all shareholders who have registered their email ids with the Company or the Registrar and Transfer Agent/Depository Participants and by post in other cases. Necessary arrangements have been made by the Company with National Securities Depository Limited 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.
12. Shareholders who wish to vote through a ballot form may download the ballot form from the link (www.evoting.nsdl.com) or seek a duplicate form from Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad 500 018, fill in the details and send the same to the scrutinizer or email to info@vccilindia.com.
13. The instructions for e-voting are as under:
 - (i) In case of shareholders receiving an email from NSDL:
 - (a) Open the e-mail and the attached PDF file titled "PDL E-voting.pdf" with your Client ID or Folio No. as password. The PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - (b) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - (c) Click on "Shareholder" – "Login".
 - (d) Type your user ID and initial password as mentioned in Step (a) above.
 - (e) Click Login.
 - (f) Password change menu appears, change the password with the new password of your choice with minimum of 8 digits / characters or a combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (g) Home page of "e-Voting" opens. Click on "e-Voting": Active Voting Cycles.
 - (h) Select "EVEN" of Pioneer Distilleries Limited.
 - (i) Now you are ready for "e-Voting" as "Cast Vote" page opens.
 - (j) Cast your vote by selecting the appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (k) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.,) are required to send scanned copy (PDF/JPG format) of the relevant board resolution / authority letter etc. together with an attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer by an e-mail to pdlscriutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

- (ii) In the case of shareholders other than those referred to in paragraph 13 (i) above, your initial password is provided at the bottom of the postal ballot form. Please follow all steps from paragraph (b) to (k) above to cast your vote;
 - (iii) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote; and
 - (iv) The voting period ends on the close of day (5.00 p.m.) on May 14, 2016. The e-voting module will be disabled for voting thereafter by NSDL.
14. A Member cannot vote both by post and e-voting and if he votes both by post and e-voting, his vote by post shall be treated as invalid.
15. The Scrutinizer's decision on the validity of the postal ballot shall be final and binding.
16. Please note that any postal ballot form(s) received after the Last Date (i.e., May 14, 2016) will be treated as not having been received and after the Last Date, the portal where e-votes can be cast will be blocked.
17. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item Nos.1 and 2: Appointment of Mr. B.V. Krishna Reddy as a Director and Managing Director of the Company and remuneration payable to him as Managing Director

Mr. B. V. Krishna Reddy (DIN: 07293482) has been appointed as Additional Director by the Board of Directors of the Company w.e.f. October 01, 2015. A notice has been received from a member proposing Mr. B. V. Krishna Reddy as a candidate for the office of Director of the Company.

The Board was informed that Mr. B. V. Krishna Reddy has done B.Tech from SVU College of Engineering, Tirupati, M. Tech from IIT, Kharagpur and Executive General Management Program from IIM, Bangalore and has completed PGDHRM from Indira Gandhi Open University. Mr. Reddy has over 25 years of professional experience.

Mr. Krishna Reddy formerly worked with Honeywell Technology Solutions, BPL Engineering, Union Carbide/Eveready Industries Limited and WIPRO Lighting.

The Board of Directors has appointed Mr. B.V. Krishna Reddy as Managing Director of the Company with effect from October 01, 2015 for a period of two years. The remuneration proposed to be paid to him is detailed in the resolution under item no.2. He will hold office for a period of two years and shall be subject to retirement by rotation. He shall be entrusted with substantial powers of management and will be responsible for the general conduct and management of the business and affairs of the Company subject to the superintendence, control and supervision of the Board of Directors of the Company.

The following is the statement of information for the shareholders pursuant to sub para (iv) to second proviso to paragraph B of Section II of Part II of Schedule V to the Act and as per Regulation 36 (3) of the SEBI Listing Regulations:

I. GENERAL INFORMATION

(1) Nature of industry:

Alcohol. The Company is engaged in the business of manufacturing of Extra Neutral Alcohol.

(2) Date of commencement of commercial production:

The Company commenced commercial production on March 13, 1999.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. Not applicable.

(4) Financial performance:

(Amount in Rs)

Particulars	2014-15	2013-14
Total Income	1,828,851,870	1,457,919,624.29
Profit before interest, depreciation and tax	294,269,470	84,871,079.21
Interest	392,383,958	191,032,552.45
Depreciation	238,673,381	106,791,832.00
Profit before tax	(336,787,869)	(212,953,305.24)
Exceptional Item	0	0.00
Tax Expense	(120,335,591)	0.00
Profit after tax including exceptional item	(216,452,278)	(212,953,305.24)
Profit/(Loss) after tax excluding exceptional item	(216,452,278)	(212,953,305.24)
Equity capital (face value Rs.10/-)	134,194,000	134,194,000
Earnings per share (Rs)	(16.17)	(15.91)

(5) Foreign investments or collaboration, if any:

The Company does not have any foreign investment or collaboration. However, USL is a subsidiary of Diageo PLC.

II. INFORMATION ABOUT THE APPOINTEE

1. Background details:

As stated above.

2. Past remuneration:

Mr. Krishna Reddy was employed with United Spirits Limited as General Manager – Manufacturing up to September 30, 2015 on a remuneration of Rs.66,90,939/- per annum.

3. Recognition or awards:

Nil.

4. Job Profile and his suitability:

Mr. B.V. Krishna Reddy is a professional with good academic background [M.Tech,(IIT), EGMP (IIM-B), PGDHRM] and rich experience in Alcohol industry. Mr. B.V. Krishna Reddy is responsible for the overall conduct and management of business and affairs of the Company. This includes broad development of business; providing strategic direction; and enhancement of manufacturing efficiencies and rationalization of costs. Mr. Krishna Reddy has successfully handled the similar business units for United Spirits Limited, holding company of the Company for many years. This coupled with his strong resources management capability makes him fully suitable for the position.

5. Remuneration:

The details of remuneration are as stated above.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The Company has a paid up capital of Rs.13.41 crores. The equity shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. The turnover of the Company for the financial year 2014-15 is Rs.15087.30 Lakhs. The Company has one factory located at Balapur (V), Dharmabad (Taluk), Nanded (Dist) 431 809, Maharashtra manufacturing Extra Neutral Alcohol. Given the size, complexity of the Company and sheer knowledge driven nature of business and also the profile of Mr. B.V. Krishna Reddy and the position as given above, the proposed remuneration is in line with remuneration prevalent in the alcohol industry for companies with similar size, complexity and profile of the position holder, which is in the range of Rs.60 Lakhs to Rs.75 Lakhs.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Mr. B.V. Krishna Reddy does not have any other pecuniary relationship, directly or indirectly, with the Company or any nature of relationship with the managerial personnel of the Company. He does not hold any shares in the Company.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits:

The loss is mainly due to high incidence of interest cost on borrowings and steep increase in depreciation due to change in useful life of assets as per the Companies Act, 2013.

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

The Company has initiated corrective actions, which includes improvement of asset utilization and margins and optimization of overhead cost.

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

The bottling capacity has been doubled recently. This will help in increasing revenue and improve the cash flows.

No director, key managerial personnel or their respective relatives, except Mr. B.V. Krishna Reddy, to whom the resolution relates, is interested or concerned, financially or otherwise, in the resolution.

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

Your Directors recommend the resolutions set forth in item nos.1 and 2 for your approval.

Item No.3: Approval of certain related party transactions:

Requirement of approval of material related party transactions

Approval of the shareholders by way of an ordinary resolution is being sought for the following arrangements that the company is proposing to enter into: (i) recharge of salary of executives of United Spirits Limited, holding company of the Company (USL) deployed at the factory of the Company for the year 2015-16, an amount of up to Rs.20,700,000/-; (ii) reimbursement of travel and other expenses by the Company to USL for the year 2015-16, an amount of up to Rs.5,00,000/-; (iii) payment of guarantee commission of an amount of up to Rs.50,00,000/- p.a. to USL (calculated at the rate of 0.50% p.a. on an amount of up to Rs.100 Crores); and (iv) Transfer of an amount of up to Rs.9,00,000/- on account of accumulated leave salary of said executives of USL deployed at the factory of the Company who will be moving on the roles of the Company w.e.f. April 01, 2016.

In terms of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), any material related party transaction requires the approval of the shareholders of the Company by way of an ordinary resolution.

An entity will be a “related party” of a company in terms of the SEBI LODR Regulations, if it falls within the definition of “related party” either under Section 2(76) of the Companies Act, 2013 or under the applicable accounting standards. Since, USL is the holding company of the Company, it is a “related party” of the Company as per Section 2(76)(viii)(A) of the Companies Act, 2013.

Further, a transaction with a related party shall be considered “material” if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of a company as per the last audited financial statements of the company. The aggregate value of the agreements and/or arrangements in Item No.3 in the financial year ending March 31, 2016 together with existing transactions with USL exceeds 10% of the annual consolidated turnover of the Company in the previous financial year. Therefore, approval of the shareholders by way of an ordinary resolution in respect of such agreements/arrangements is being sought. For the sake of clarity, all the agreements/arrangements in Item No.3 are in the ordinary course of the Company’s business and at arm’s length basis.

The monetary value of the previous related party transactions during the financial year 2015-16 is Rs.3,319,798,846/-. The monetary value of the proposed transactions, together with the monetary value of previous related party transactions during the financial year 2015-16 is expected to be Rs.3,346,898,846/-. This sum is greater than ten per cent of the company’s annual consolidated turnover as per the last audited financial statement of the company. Accordingly, these transactions are material related party transactions, and shareholders’ approval is required.

In accordance with Regulations 23(4) of the SEBI LODR Regulations, all entities falling under the definition of related parties are required to abstain from voting irrespective of whether the entity is a party to the particular transaction or not. Accordingly, all shareholders of the Company who are related parties of the Company, including United Spirits Limited (holding 75% of the issued share capital of the Company), are required to abstain from voting on the resolution in Item No.3 of this Notice.

The Audit Committee unanimously approved the payment of guarantee commission (on November 05, 2015), recharge of salary, reimbursement of travel and other expenses (on February 10, 2016) and transfer of accumulated leave salary (on April 04, 2016), subject to the approval of the Board and the Company’s shareholders. The Audit Committee has independently assessed the above arrangements (taking into account the potential financial and commercial benefits that are likely to accrue to the Company and its shareholders as estimated by the management of the Company), and has thereafter accorded its approval.

Thereafter, the Board has independently assessed the above arrangements (taking into account the potential financial and commercial benefits that are likely to accrue to the Company and its shareholders as estimated by the management of the Company), and has, subject to the approval of the shareholders, approved the payment of guarantee commission (on November 05, 2015), recharge of salary, reimbursement of travel and other expenses (on February 10, 2016) and transfer of accumulated leave salary (on April 04, 2016)

The arrangements are to be entered into at arm’s length basis and all other factors relevant to the Arrangements have been independently considered by the Board.

As required by Section 188 of the Companies Act, 2013 read with Rule 15(3) of the Companies (Meetings of the Board and its Powers) Rules, 2014, the following details for the Arrangements are being set out as below:

- (a) **Name of the related party:** United Spirits Limited
- (b) **Name of the director or key managerial personnel who is related, if any:** None
- (c) **Nature of relationship:** Since USL is the holding company of the Company, it is a “related party” of the Company as per Section 2(76)(viii)(A) of the Companies Act, 2013.

(d) Nature, material terms, monetary value and particulars of the contract or arrangement:

Nature of the arrangement	Recharge of salary of executives of USL deployed at the factory of the Company for the year 2015-16	Reimbursement of travel and other expenses by the Company to USL for the year 2015-16	Payment of guarantee commission of an amount of up to Rs.50,00,000/- p.a. to USL (calculated at the rate of 0.50% p.a. on an amount of up to Rs.100 Crores)	Transfer of an amount of up to Rs.9,00,000/- on account of accumulated leave salary of said executives of USL deployed at the factory of the Company who will be moving on the roles of the Company w.e.f. April 01, 2016
Material terms	Salary Cost will be recharged on actuals and no mark-up cost is added	Actual expenses incurred towards Travel and other expenses will be debited by USL.	The Company is required to pay 0.50 % p.a. on an amount of up to Rs.100 Crores as Guarantee Commission	The accumulated leave salary will be transferred and no Mark-up cost added
Monetary value (Rs)	An amount of up to Rs.20,700,000/-	An amount of up to Rs.5,00,000/-	An amount up to Rs.50,00,000/- p.a.	An amount of up to Rs.9,00,000/-
Particulars of the arrangement	USL is providing support by deputing their executives in PDL. USL has currently deployed 10 executives in the unit and 4 executives in Corporate Area on prorata time sharing basis.	USL is providing support by deputing their executives in PDL. USL has currently deployed 10 executives in the unit and 4 executives in Corporate Area on prorata time sharing basis. Travel and other expenses in respect of the said executives and other employees will be reimbursed by the Company to USL.	The Company is seeking Loan from Standard Chartered Bank for an amount of Rs.100 Cr and PDL needs to provide a Corporate Guarantee of USL, for this borrowing. Shareholders of USL have approved providing Corporate Guarantee.	USL is providing support by deputing their executives in PDL. USL has currently deployed 10 executives in the unit and 4 executives in Corporate Area on prorata time sharing basis. PDL has decided to absorb/appoint the aforesaid 10 executives on the roles of PDL w.e.f. 01/04/2016 along with continuity in service and all the service benefits accrued to them in USL like accumulated leave salary, provident fund, gratuity, etc., wherever applicable. In view of the above, now it is proposed to transfer the accumulated leave salary amount on account of these employees from USL to PDL. Post this transfer, there will not be any recharge from USL to PDL for salary cost.

Note : above payments / transfers will be subject to applicable service tax, as the case may be.

(e) **Any other information relevant or important for the members to take a decision on the proposed resolution:** As above.

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

Your Directors recommend the above resolution for your approval.

By order of the Board

Place: Bangalore
Date: April 04, 2016

Santhosh Kumar Keerthi
Company Secretary

Encl:

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

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

Name of Director	Mr. B. V. Krishna Reddy
Date of Birth	01/06/1967
Age	48 years
Date of Appointment	01/10/2015
Expertise in specific functional Areas	Mechanical / Industry Engineering, Operations and business management
Qualifications	M.Tech (IIT), EGMP (IIM-B), PGDHRM,
No. of Board meetings attended	2
List of outside Indian Directorships Held	Nil
* Chairman/ Member of the Committee of the Board of Directors of the company	Audit Committee (Member) Stakeholders Relationship Committee (Member)
* Chairman/Member of the Committee of the Board of Directors of other companies in which he is a Director	
a. Audit Committee	NA
b. Stakeholders Relationship Committee	NA
No. of Shares Held in the Company	Nil
Relationship with other Directors/ Manager/ Key Managerial Personnel	Nil

** Note: Pursuant to Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, only two Committees viz. Audit Committee and Stakeholders' Relationship Committee are considered.*