

Annexure – 1

Date of Notice: 22nd June 2022

Brief details of the resolution proposed to be transacted at the 23rd AGM of the Company

Sl. No.	Resolutions	Type of resolution (Ordinary/Special)
Ordinary business		
1	To receive, consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended March 31, 2022 and the Reports of the Directors' and Auditors thereon.	Ordinary
2	To appoint a Director in place of Mr. Randall Ingber (DIN: 07529943), who retires by rotation and being eligible, offers himself for re-appointment.	Ordinary
Special Business		
3	Payment of Commission to Independent Directors and Non-Executive Directors.	Special
4	Approval under Section 180(1)(a) of the Companies Act, 2013 for: (i) slump sale of the entire business undertaking associated with 32 brands of the Company in the 'Popular' segment to Inbrew Beverages Private Limited ("Inbrew"); and (ii) grant of franchise in relation to 11 other brands of the Company in the 'Popular' segment to Inbrew for a period of five years, with an option for Inbrew, subject to certain specified conditions, (a) to convert the fixed term franchise arrangement into a franchise arrangement with perpetual right to use, and / or (b) to acquire such brands.	Special

DIAGEO

INDIA



Gaining *Momentum*



SINGLE MALT

EXCELLENT wine quality
DOES FROM PICKING TO
boundaries of craft

2018

Two months distilled
from locally sourced
potato barley and
carefully matured
at temperatures
after reaching 100°C



GODAWAN
SINGLE MALT

FRUIT AND SPICE

artisan whiskey

EXTRACTED LIQUORITE INDIAN BARLEY

MADE IN INDIA

Mahesh Patel

FRUIT AND SPICE
Cherry Cask Edition

SELECTIVELY FINISHED WITH EXOTIC INDIAN BOTANICALS

BOTTLE NO.

2694

BATCH NO.

01

700ml 45% ALC/VOL

MAHESH PATEL RAJASTHAN

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Chairman's Message



Inclusion and Diversity (I&D) are deeply embedded in our values, and we continue to remain committed to building a diverse, yet inclusive workplace.

Dear Shareholders,

With the world starting to return to normalcy, thanks to the accelerated pace of vaccinations and well-defined safety protocols, our operations in India are gaining momentum.

The consumption demand is increasing steadily, although the headwind of rising inflation remains a concern. We are, however, confident of moving forward due to the intrinsic strength of our product portfolio and operational agility.

Under the leadership of our new MD & CEO, Hina Nagarajan, we are focussed on reshaping our business strategy. We aspire to become a top-performing consumer packaged goods (CPG) company in India delivering sustained double-digit, profitable top-line growth. In the backdrop of the pandemic that has served to underscore the importance of a healthy and sustainable world, our new mission statement takes a broader and more complete view to deliver long-term value to all our stakeholders — consumers, employees, trade partners, suppliers, communities in which we operate, and of course our shareholders.

Given the geographical diversity of our business and our stated goal to continually upgrade our performance, we aim to tap into market trends and new consumer cohorts to fuel our mission. What has helped our business further is the rising affluence of the population which has provided us with breakthrough opportunities in the sector. With the country expected to have the third-largest number of high-income households globally by 2030, India's growth story will continue to gain further momentum.

We want to use the immense opportunity provided by a growing economy to deliver our mission through three pillars: reshaping our product portfolio; creating an organisation of the future, which is being radically redefined by big societal and cultural shifts; and defining and executing an ambitious role for Diageo in Society.

Inclusion and Diversity (I&D) are deeply embedded in our values, and we continue to remain committed to building a diverse, yet inclusive workplace. We have extended our I&D agenda to include LGBTQ+ and people with disabilities, and our endeavour is to introduce relevant policies and

initiatives to instil I&D into every level of the organisation.

Our CSR initiatives and "Grain-to-Glass" sustainability journey driven by the ESG (Environmental, Social and Governance) framework is a testament to our sense of responsibility towards our communities and the planet.

As we move forward, we see a strong horizon of opportunities, expanding beyond tier-one cities to smaller towns, where growing purchasing power corresponds to increased awareness about drinking better and not more.

I would like to extend my gratitude to you, our shareholders, for your unstinting faith and the trust you have reposed in us. I would also like to thank all members of the Board for their support and active participation.

Warm Regards,

Mahendra Kumar Sharma
Chairman

Managing Director & CEO's Message



Building an organisation of the future with a focus on digital acceleration and our brands, to enable us to achieve strong growth in 'Prestige & Above'.

Dear Shareholders,

I am pleased to present Diageo India's Annual Report for 2021-22 as I complete my first year in office.

During the year, we reshaped our strategy with the mission to be a top-performing Consumer Products Company in India delivering sustained double-digit, profitable top-line growth and long-term value to all our stakeholders.

Our new strategy is anchored on three pillars:

- Reshaping our portfolio to focus on premiumisation and transformational innovation based on sharp consumer insights
- Building an organisation of the future with a focus on digital acceleration and our brands, to enable us to achieve strong growth in 'Prestige & Above'
- Defining and executing an ambitious role for Diageo India in Society

RESHAPING OUR PORTFOLIO

The renewed focus on portfolio premiumisation is yielding positive results. We witnessed strong growth in Scotch

riding on premiumisation trends and positive policy developments. We launched our first artisanal single malt, Godawan, which caters to modern affluent Indians looking for bespoke experiences. With its larger purpose centred on mindful luxury, we expect Godawan to elevate Indian craft spirits as a highly aspirational offering across the world. Our first venture into Craft was through Epitome Reserve, an artisanal whisky. We launched two limited editions, the first edition is made from 100% rice grains (2,000 bottles) and the second edition is a Peated Indian Single Malt (3,600 bottles).

Our investment in Nao Spirits, makers of premium craft gin brands, Greater Than and Hapusa, marks another step forward in strengthening our participation in the fast-growing premium craft gin segment in India.

During the year, we launched Royal Challenge American Pride, a smooth, accessible, and inclusive whisky much enjoyed especially by younger consumers entering the legal drinking age. Our renovation interventions for Signature and Black Dog have also been well received, reflecting the growing appreciation for

our brands, that has enabled us to achieve growth in 'Prestige & Above'.

As we move forward, we will continue to accelerate the momentum of our premiumisation strategy, through the launch of more brands from our global portfolio as well as powerful new innovations developed in India.

Another key milestone in reshaping our Portfolio is the sale and franchising of select brands in our Popular Portfolio. On May 27, 2022, the Board approved the sale and franchising of select brands to Inbrev Beverages Pvt Limited (Inbrev). The transaction involved the sale of the entire business undertaking associated with 32 brands for a total cash consideration of approximately ₹820 crore, subject to customary adjustments. The transaction does not include the McDowell's or Director's Special brands, which will be retained by the Company. The Company has also forged a 5-year franchise arrangement for 11 other brands with Inbrev. These developments reflect the continual evolution of the 'Popular' portfolio, and a sharpened focus on 'Prestige & Above', in line with our premiumisation strategy.

BUILDING AN ORGANISATION OF THE FUTURE

Organisations are getting radically redefined by big societal and cultural shifts. We are building an organisation that will win in the future through our strong focus on digital acceleration, and our brands, to enable us to achieve strong growth in 'Prestige & Above'.

With regard to our focus on digital, I am happy to share that we have launched our digital platform, In.theBar.com where consumers can explore the latest lifestyle trends and bring the lounge experience right into their living rooms. We explored the power of Augmented Reality via QR Code Scan to unlock the Digital Distillery Tour for Signature, showcasing the Grain-to-Glass journey. We also hosted the first-ever Holi party and music concert with Daler Mehndi in the Metaverse with McDowell's No1. During the year, we have also made significant progress through our technology interventions and are leveraging automation to drive efficiency in Sales and Operational Planning, as well as Productivity within the function. We have also adopted a blockchain-based track-and-trace system to curb counterfeiting and measure our sustainability practices.

A critical part of our strategy is the emphasis we have been placing on building capabilities of the future as well as fostering diverse talent and an inclusive culture. We launched the Diageo India Distillation and Maturation (D&M) University to strengthen Malt D&M capability with a focus on Craft and Premium Indian spirits. We created learning journeys for 40 D&M colleagues and enrolled 3 for the Master Distiller Course at the Institute of Brewing &

Distilling. The Diageo India Marketing Academy was launched with a focus on consumer insights, digital, creative agility, and omnichannel experiences, keeping brands and consumers at the core. Our internal employee engagement survey "Your Voice" continues to reflect our people's passion for our purpose and brands. Our overall Inclusion and Diversity score is 89%, an increase of 3% from the previous year. 93% are proud to work for Diageo India and 85% would recommend Diageo India as a great place to work.

In order to drive agility and efficiency, we have embraced new ways of working such as 'Sprints' which bring together cross-functional teams to deliver a business agenda in shorter periods. We undertook various Sprints over the last year, and all of them have delivered successful outcomes. We also drove 'Radical Liberation' of our people during the year removing 1.5 lakh workhours of non-productive work and diverting the resources and time saved to growth initiatives.

DIAGEO IN SOCIETY

Last year, we launched Society 2030: Spirit of Progress, a new 10-year action plan on the role we will play in society, which focusses on driving ESG from Grain-to-

Glass, moving India towards 'Drink better, not more', and leading Inclusion and Diversity.

Through our Learning for Life program, we admitted 925 students who have undergone training in business and hospitality skills, 54% of the programme beneficiaries are women. We have collected 41,000 metric tonnes of consumer plastic and recycled it through our Extended Producer Responsibility system. We have launched an afforestation drive to plant 80,000 trees to offset our residual greenhouse gas emissions and will double the use of solar energy over the coming months.

During the year, more than 198,900 people were educated through our positive drinking programmes which include Act Smart India, 'DrinkIQ' platform and Wrong Side of the Road.

We are also taking a lead in driving Inclusion and Diversity through progressive portrayals in our brand creatives covering real people. We are also one of the founding members of the Unstereotype Alliance program in India, which aims at working with advertisers across industries to be progressive and inclusive in their advertising and communication world.



In order to drive agility and efficiency, we have embraced new ways of working such as 'Sprints' which bring together cross-functional teams to deliver a business agenda in shorter periods.

LEADING INCLUSION & DIVERSITY

We continue to drive our ambition of being one of the most inclusive and diverse companies in India. During the year, we have hired 42 people with disabilities and more than 48% of our new hires are women. We have launched market-leading policies such as the 26-Week Family Leave Policy which is an inclusive policy applicable to all new parents irrespective of gender and sexual orientation. We have also introduced, the 'Thriving Through Menopause' initiative which shares guidelines to raise awareness on menopause, gender-neutral protocols like Domestic and Family Abuse guidelines, and a Prevention of Sexual Harassment (POSH) policy.

BUSINESS PERFORMANCE: ACCELERATED TOP-LINE MOMENTUM THROUGH THE YEAR

As a result of our strategy and focus on executional excellence, our net sales increased by 18.9% during the year, mainly due to strong consumer demand in the off-trade, premiumisation, and recovery in the on-trade business. Our profit after tax grew at 148.1% to ₹770 crore. We saw an increase in net sales of our Prestige & Above segment at 23.6%, this is the highest ever growth rate for the portfolio and double the historical growth rates. Moving ahead, we aim to accelerate growth in luxury and premium categories and strengthen our play in our upper and mid prestige segments with highly differentiated offerings that speak to new consumer cohorts. We will continue to build on the strong momentum in the lower prestige segment and create new engines of 'future back' growth through transformational innovation and tapping into emerging opportunities and fast-growing segments.



Our active portfolio management, price advocacy engagements, adding more margin accretive brands and products, dialling up growth on Prestige & Above, and the conclusion of the popular brands' strategic review will allow us to sustainably meet the double-digit profitable growth guidance in this volatile and uncertain environment.

LOOKING AHEAD

We are enthusiastic about the positive results from our strategy implementation this year. Our strategy has been validated over the last year and the consumer insights-led innovations and renovations have hit home and built momentum. We will continue to leverage these moving forward. Conscious of the significant levels of commodity inflation and geopolitical headwinds, we are working on a continual pipeline of productivity initiatives across the value chain. Favourable demographics and rapid premiumisation bode well for our industry and Diageo India. In addition, our active portfolio management, price advocacy engagements, adding more margin accretive brands and products, dialling up growth on Prestige & Above, and the conclusion of the popular brands' strategic review will allow us to sustainably meet the double-digit profitable growth guidance in this volatile and uncertain environment. Our rich talent, culture, and outstanding brand portfolio, along with the vast

geographic footprint and the varied ecosystems in which we operate, enable us to be uniquely positioned to capture marketplace expansion opportunities and accelerate growth.

I thank our Board members and all of you for your support to the Diageo India team and look forward to building continued value for all our stakeholders.

Yours sincerely,

Hina Nagarajan

Managing Director & CEO

Board of Directors



Mahendra Kumar Sharma
Chairman & Independent Director



Hina Nagarajan
Managing Director & CEO



V K Viswanathan
Independent Director



D Sivanandhan
Independent Director



Rajeev Gupta
Independent Director



Dr. Indu Shahani
Independent Director



John Thomas Kennedy
Non-Executive Director



Randall Ingber
Non-Executive Director



Mark Dominic Sandys
Non-Executive Director

Committee Membership

- Audit Committee
- Risk Management Committee
- Stakeholders' Relationship and General Committee
- Corporate Social Responsibility & Environmental, Social and Governance Committee
- Nomination and Remuneration Committee

Note:

Vinod Rao, resigned as a director effective from end of day December 15, 2021.
Pradeep Jain, CFO is a member of Risk Management Committee.

About Diageo India

We are India's leading beverage alcohol company with an exceptional portfolio of premium brands. We are a subsidiary of one of the world's largest alcohol companies, the London-based Diageo Plc. Our world-class portfolio includes Johnnie Walker, Black Dog, Black & White, VAT 69, Antiquity, Signature, Singleton, Royal Challenge, McDowell's No1, Smirnoff, Ketel One, Tanqueray and Captain Morgan. We want to create a positive role for alcohol in society. Some of our most substantial advocacy work involves tackling alcohol misuse and promoting responsible drinking. We are also passionate advocates of women's empowerment, water stewardship and reducing environmental impact.

We are

#1 Spirits Company
in India



2nd Largest Spirits
Company in
the World



Credit Rating

- Crisil AAA/Stable
- ICRA AA+(positive)

Performance Snapshot FY22

₹30,731.1 crore

Revenue from Operations

58%

Improvement in Water Efficiency in
Our Operations (Base Year FY07)

₹769.8 crore

Profit After Tax

96%

Reduction in Greenhouse Gas
Emissions (Base Year FY07)

16.1%

EBITDA Margin

3,145

Direct Employment

₹10.59

Earnings Per Share

50%

Women Beneficiaries in Our
Programmes