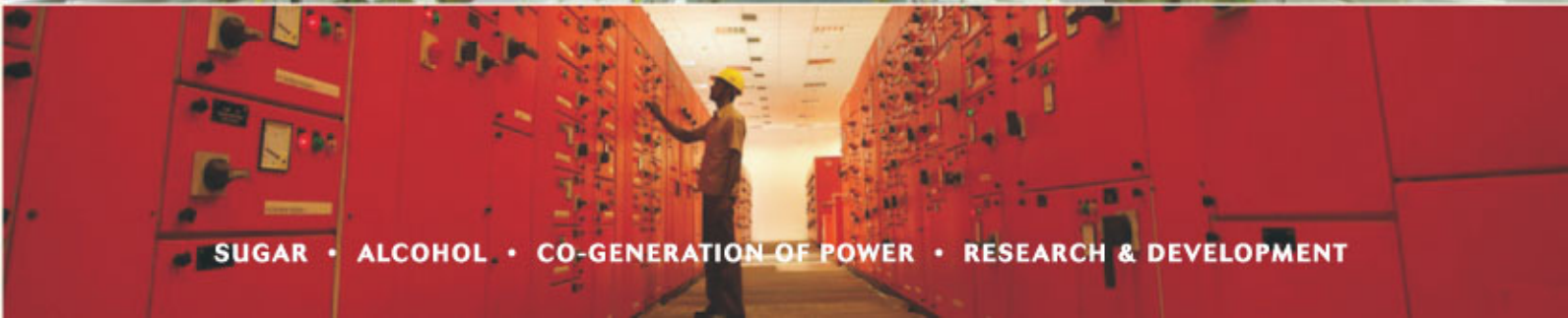




# ANNUAL REPORT



## 2013-14



SUGAR • ALCOHOL • CO-GENERATION OF POWER • RESEARCH & DEVELOPMENT

**RAJSHREE SUGARS & CHEMICALS LIMITED**  
**CIN L01542TZ1985PLC001706**

**Regd. Office: "The Uffizi", 338/8, Avanashi Road, Peelamedu, Coimbatore - 641 004**

**NOTICE TO THE MEMBERS**

Notice is hereby given that the 28th Annual General Meeting of the Members of Rajshree Sugars & Chemicals Limited will be held on Monday, the 8th September, 2014 at 10.00 A.M. at the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore - 641 018 to transact the following businesses:

**ORDINARY BUSINESSES**

- 1 To consider, approve and adopt the Statement of Profit & Loss, Cash flow statement for the year ended 31st March 2014, the Balance Sheet as on that date, the report of the Board of Directors and the report of the Auditors.
- 2 To appoint a Director in the place of Dr. P. Surulinarayanasami who retires by rotation and being eligible offers himself for re-appointment.
- 3 Appointment of Auditors

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

"RESOLVED THAT pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and rules made thereunder and pursuant to recommendations of the Audit Committee of the Board, the Company do hereby appoint M/s. Srikishen & Co. Chartered Accountants (Registration No. 0040009S), the retiring auditors as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as shall be fixed by the Board of Directors of the Company on recommendation by Audit Committee."

**SPECIAL BUSINESSES**

- 4 Appointment of Mr.G.R.Karthikeyan as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) Mr.G.R.Karthikeyan (holding DIN: 01587747), a Non-Executive/ Independent Director of the Company whose term is liable to determination by retirement of director by rotation and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company together with requisite deposit, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier.

- 5 Appointment of Dr.K.Mohan Naidu as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) Dr.K.Mohan Naidu (holding DIN:01774192), a Non-Executive/ Independent Director of the Company whose term is liable to determination by retirement of director by rotation and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company together with requisite deposit, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier."

6 Appointment of Mr.R.C.H.Reddy as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) Mr.R.C.H.Reddy (holding DIN: 00006184), a Non-Executive/ Independent Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company together with requisite deposit, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier."

7 Appointment of Mr.G.S.V.Subba Rao as an Independent Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereon for the time being in force) Mr.G.S.V.Subba Rao (holding DIN: 00001697), a Non-Executive/ Independent Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom a notice under Section 160 of the Companies Act, 2013 has been received by the Company together with requisite deposit, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier."

8 Reappointment of Ms.Rajshree Pathy as Managing Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and the consent of the members be and is hereby accorded to the reappointment of Ms.Rajshree Pathy (holding DIN 00001614), as the "Managing Director" of the Company for a period of three years effective from 16th March 2015 and for payment of remuneration for the said period as detailed below subject to the limit specified in Section 197 read with Schedule V to the Companies Act 2013"

Salary : ₹ 10,00,000/- per month.

Perquisites : Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

Encashment of earned leave at the end of the tenure.

Provision of Company's mobile phone and telephone at her residence for official purposes.

Provision of Company's car with driver for official purposes. Personal use of car, if any, shall be billed and paid for by the Director.

"RESOLVED FURTHER THAT in the case of absence or inadequacy of profits, the remuneration as detailed above shall be paid as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary to give effect to these resolutions."

9 Reappointment of Mr.R.Varadarajan as Wholetime Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the



Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and the consent of the members be and is hereby accorded to the reappointment of Mr.R.Varadarajan (holding DIN 00001738), as the Wholtime Director of the Company for a period of three years effective from 5th June 2014 and for payment of remuneration for the said period as detailed below subject to the limit specified in Section 197 read with Schedule V to the Companies Act 2013:"

Salary : ₹ 4,00,000/- per month

Perquisites : Leave Travel Allowance of ₹ 2,00,000/- per annum.

Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

Encashment of earned leave at the end of the tenure.

Provision of Company's mobile phone and telephone at his residence for official purposes.

Provision of Company's car with driver for official purposes. Personal use of car, if any, shall be billed and paid for by the Director.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary to give effect to these resolutions."

#### 10 Remuneration for Cost Auditor

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

"RESOLVED THAT the Company do hereby confirm and ratify in terms of Section 148 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder, the remuneration approved by the Board of Directors on the recommendation of the Audit Committee, for M/s.S.Mahadeven & Co., Cost Accountants (Firm Registration No.000007) for conducting the audit of the cost records for the products sugar and industrial alcohol of the Company for the financial year ending March 31, 2015, as set out below:"

Product	Amount (₹ per annum)
Sugar	80,000/-
Industrial Alcohol	25,000/-

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

#### 11 Borrowing Powers

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

"RESOLVED THAT pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), the consent of the members be and is hereby accorded to the Board of Directors (which power the Board may exercise by delegation to a duly constituted Committee thereof) to borrow, any sum or sums of money from time to time at their discretion for the purpose of business of the Company, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed at any time, the aggregate of the paid-up capital and free reserves by a sum not exceeding ₹ 750 crores (Rupees seven hundred fifty crores only) in aggregate, and that the Board of Directors be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may think fit."

#### 12 Mortgage of Assets

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

"RESOLVED THAT pursuant Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred

to as the Board which term shall be deemed to include duly constituted Committee thereof) for mortgaging, hypothecating and/or charging the whole or substantially the whole of the Company's any one or more of the undertakings including the present and/or future properties, whether movable or immovable comprised in any or new undertaking(s) of the Company as the case may be, in favour of financial institutions, corporations, banks, mutual funds, government / other agencies or any other person(s), entities which give, provide or extend loans / facilities to the Company or in favour of trustees of such lenders to secure amount of loans/debentures together with interest thereon, commitment charges, liquidated damages, premium on redemption, trustees remuneration, costs, charges, expenses and all other moneys payable under the agreement(s) / arrangement(s) entered into / to be entered into by the Company in respect of the said loans as the Board may deem fit in the best interests of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized and empowered to enter into, sign, seal and execute and deliver such arrangements, assignments, conveyances, covenants, contracts, deed of hypothecation, mortgage deed, other deeds, writings and other instruments and to do all such acts, deeds, matters and things in the name and on behalf of the Company as the Board may consider expedient, usual, proper or desirable for creating mortgages / charges / hypothecation on all or any of the immovable and movable properties of the Company, both present and future, which may be beneficial and convenient to the Company."

**13 Alteration of Articles of Association - Same person as Chairperson & Managing Director**

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

"RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the existing Article 16 of the Articles of Association of the Company be and is hereby amended/alterd to read as follows:

Article 16: The Board may elect a Chairperson of its meeting and determine the period for which such Chairperson shall hold office. Such Chairperson shall occupy the position, notwithstanding that he/she is the Managing Director of the Company for the time being. The Board is empowered to fix the term of office of such Chairperson and in the absence of term being fixed, the Chairperson so elected shall occupy the position as long as she/he is director of the Company. The Chairman so appointed shall preside over all the meetings of the Board and the General Meetings during the tenure of his/her office.

By Order of the Board

Place : Coimbatore  
Date : 2nd August 2014

**M. PONRAJ**  
Company Secretary

**NOTE:**

- 1 The Register of Members of the Company will remain closed from 1st September 2014 to 8th September 2014 (both days inclusive).**
- 2 A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a Member. The Proxy can vote in favour or against the resolution at poll.**

**A person can act as a 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. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

- 3 Members are requested to intimate the change in bank mandate/address, if any, immediately to the Registrars and Transfer Agents of the Company, M/s.S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006.
- 4 Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
- 5 The Company's equity shares are listed in the following stock exchanges at present.
  - a. National Stock Exchange of India Limited, Mumbai
  - b. BSE Limited, Mumbai

The Company has paid the Annual listing fees in respect of the above Stock Exchanges and Annual issuer fees to National Securities Depository Limited and Central Depository Services (India) Limited for the financial year 2014-15.

- 6 The following are the details of dividends declared by the Company and the respective due dates for transfer of unclaimed / unpaid dividend to the Investor Education and Protection Fund (IEPF).

Date of declaration of dividend	Dividend for the financial year	Due date of credit to the Central Government	Due date of transfer to the Central Government
10.09.2007	2006-2007	09.09.2014	09.10.2014
23.09.2009	2008-2009	22.09.2016	22.10.2016
20.09.2010	2009-2010	19.09.2017	19.10.2017

It may be noted that no claim of the shareholders will be entertained for the unclaimed / unpaid dividends after their credit to the Investors Education & Protection Fund.

In view of the above, the shareholders are advised to send their unencashed dividend warrants to the Registered Office of the Company for revalidation and encash them before the due date for credit to the IEPF.

- 7 The details pertaining to Directors, Dr.P.Surulinarayanamasami, Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan, Dr.K.Mohan Naidu, Ms.Rajshree Pathy and Mr.R.Varadarajan being Directors seeking appointment / reappointment at the AGM, to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges is furnished in the annexure.
- 8 Members desirous of obtaining any information concerning the financial statements and operations of the company are requested to address their queries in writing atleast two weeks before the meeting, so that the information may be made available at the meeting.
- 9 Electronic copy of the Annual Report and AGM Notice are being sent to all the members whose e-mail id is registered with the Company/Depository Participants unless any member has requested for a hard copy of the same. For members who have not registered their E-mail ID, physical copies of annual report and AGM Notice for the year 2013-14 are sent through the permitted mode separately.
- 10 Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, notices, circulars etc., from the Company. The e-mail may be registered with the Registrar and Share Transfer Agents of the Company viz., M/s.S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006. (E-mail: info@skdc-consultants.com).

However, the company can send a physical copy of the Annual Report upon receipt of a requisition from the member of the Company. The Annual Report is available in the website of your company [www.rajshreesugars.com](http://www.rajshreesugars.com) and for inspection at the Registered Office of the company during office hours.

Members are requested to support this Green Initiative by registering / updating their e-mail addresses for receiving electronic communications.

- 11 E-Voting option is provided to members pursuant to Section 108 of the Companies Act 2013. Please read carefully the instructions for 'eVoting Process' attached to this notice. Record date for eVoting is 1st August 2014.

- 12 The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 and the Register of Contracts and Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
- 13 The Statements pursuant to section 102(1) of the Companies Act, 2013, in respect of special businesses are annexed hereunder.

## **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

### **ITEM Nos. 4 TO 7: Appointment of Independent Directors.**

Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu are the present independent Directors of the Company appointed as per the Listing Agreement with Stock Exchanges.

Pursuant to Section 149 of the Companies Act, 2013 (which was notified with effect from 1.4.2014) and clarifications issued by the Ministry of Corporate Affairs, the Company being a listed Company need to appoint Independent Directors within a period of 1 year from the commencement of the said Act. Though the Company is having Independent Directors already, it is required to appoint them as per the new provision of the Companies Act 2013, as the definition for the Independent Director has been changed.

As per the new law, the Independent Directors are not liable to retire by rotation and should be appointed for a fixed tenure upto five consecutive years and are eligible for reappointment for one more term of upto five years on passing special resolution by the Company. Any tenure of independent Directors as on 1.4.2014 will not be counted for this purpose.

The Securities and Exchange Board of India (SEBI) has also issued circular in the month of April 2014, to amend the listing agreement, with effect from 1st October 2014, with a view to align the same with the Companies Act 2013.

Accordingly, in order to comply with the provisions of the Companies Act 2013 and Listing Agreement, the Company being a listed Company should have at least 50% of the Board comprising Independent Directors.

Hence, it is proposed to appoint Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu, the present Directors, who are qualifying to be appointed as Independent Directors as per the Companies Act 2013, as Independent Directors to hold office from the date of this Annual General Meeting upto the expiry of 3 (three) consecutive years or the date of 31st Annual General Meeting, whichever is earlier.

The Company has received notices in writing alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu, for being appointed as Independent Directors of the Company.

The proposed independent Directors have also furnished declarations that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. They are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

In the opinion of the Board, Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu fulfill the conditions for appointment as Independent Directors as specified in the Act, rules and the Listing Agreement and that the proposed Directors are independent of the management.

Details of Independent Directors proposed for appointment are furnished in the Annexure pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, that forms an integral part of this notice.

Copy of the draft letters for respective appointments of Mr.R.C.H.Reddy, Mr.G.S.V.Subba Rao, Mr.G.R.Karthikeyan and Dr.K.Mohan Naidu as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company. This would also be posted in the website.

None of the Directors/Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions excepting the interest of each of the person above in their respective appointments.

The Board commends the Ordinary Resolutions set out at Item Nos. 4 to 7 of the Notice for approval by the shareholders.

**ITEM No.8 : Reappointment of Ms.Rajshree Pathy as Managing Director.**

The present term of office of Ms.Rajshree Pathy, Managing Director expires on 15th March 2015. The Board of Directors at its meeting held on 14th May 2014 have reappointed Ms.Rajshree Pathy as Managing Director for a further period of 3 years from 16th March 2015 and approved the remuneration package, as given in the resolutions in agenda. The Nomination and Remuneration Committee of the Board also approved the remuneration package which will be subject to approval of shareholders by way of special resolution.

The proposed resolution in the agenda and this explanatory statement may be treated as abstract of the terms and conditions of the reappointment of Ms.Rajshree Pathy, Managing Director pursuant to applicable section of the Companies Act, 2013.

Excepting the Corporate Debt Restructuring Scheme of the Company, the Company has not defaulted in debt servicing. Hence, the proposed remuneration could be sanctioned by the shareholders, without need for the approval of Central Government, by way of special resolutions.

Memorandum and Articles of Association, relevant resolutions passed by the Nomination and Remuneration Committee and the Board and the written memorandum setting out the terms of appointment of Managing Director vide Section 190(1)(b) are available for inspection by members at the registered office of the company during business hours on any working day.

Ms.Rajshree Pathy, Managing Director and holder of 83,70,884 equity shares in the Company, is interested in the resolution. None of the other Directors or key managerial personnel or their relatives have any interest either financial or otherwise in this subject.

**Statement as required under Section II of Part II of Schedule V of the Companies Act, 2013 for appointment of Ms.Rajshree Pathy.**

**I. GENERAL INFORMATION**

**a. Nature of Industry.**

Sugar is India's second largest agro processing industry. About 50 million farmers and their families are dependent on sugarcane cultivation. There are about 500 sugar factories in India with majority of them under the cooperative sector and the rest under private and public sector. The industry besides meeting the domestic consumption requirements, exports sugar substantially thereby earning precious foreign exchange. The by products, namely, molasses and bagasse are used by downstream industries like distillery and power plants for producing alcohol and power.

**b. Date or expected date of commencement of commercial production.**

The company is a running entity since 1985.

**c. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.**

Does not arise

**d. Financial performance based on given indicators.**

The Company achieved a turnover of ₹ 835.98 crores in the year 2013-14 as against ₹ 847.15 crores during the previous year. The Company incurred a net loss of ₹ 26.68 crores as against ₹ 10.29 crores net profit in the previous year.

**e. Foreign investments or collaborators, if any : Nil**



## II. INFORMATION ABOUT THE APPOINTEE Ms.RAJSHREE PATHY

1. Background details  
Ms.Rajshree Pathy is the promoter of the Company with varied interest in sugar, power, alcohol, travels, property development, biotechnology etc. She has been at the helm of affairs of the Company right from inception with the turnover of the company currently over ₹ 800 crores. She was the first woman President of Indian Sugar Mills Association, New Delhi.
2. Past remuneration  
The remuneration paid to Ms.Rajshree Pathy for the year 2013-2014 was as follows (in ₹):

Particulars	Amount ₹
Salary	1,23,64,820
Commission	--
Perquisites	9,360
<b>Total</b>	<b>1,23,74,180</b>

3. Recognition or awards  
She was selected as one of the hundred 'Global Leaders of Tomorrow' by the World Economic Forum, Geneva in the year 1996.  
  
She has been conferred with Padmashri Award in the field of Trade and Industry by the Government of India in the year 2013.
4. Job profile and her suitability  
As Managing Director, she will have substantial powers of management and will work under the supervision and control of the Board of Directors. She has been the Managing Director of the Company right from inception and has been responsible for its growth taking the turnover to over ₹ 800 crores.
5. Remuneration proposed  
Salary : ₹ 10,00,000/- per month.  
Perquisites : Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.  
Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.  
Encashment of earned leave at the end of the tenure.  
Provision of Company's mobile phone and telephone at her residence for official purposes.  
Provision of Company's car with driver for official purposes. Personal use of car, if any, shall be billed and paid for by the Director.

In the case of absence or inadequacy of profits, the remuneration as detailed above shall be paid as minimum remuneration.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.  
The remuneration proposed to the appointee is comparable with the remuneration with respect to industry, size of the company and profile of the position.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.  
Ms.Rajshree Pathy, holds of 83,70,884 equity shares in the Company and no other pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel.

## III. OTHER INFORMATION

1. Reasons of loss or inadequate profits  
During the year 2013-14, the net loss includes lesser sugar price realizations coupled with increased raw materials cost added to the loss in operations during the year under review.
2. Steps taken or proposed to be taken for improvement  
Sugar industry being regulated from purchase of sugarcane to sale of sugar, the profitability of the industry is impacted not only by market dynamics, but also government policy. However, the Company has been operating at efficient levels equal to the best norms for the industry.

3. Expected increase in productivity and profits in measurable terms  
The productivity depends upon the vagaries of nature, namely, good monsoon, which in turn will help in higher sugarcane availability. The profit also depends upon the demand supply position which is again a factor of the environment.

#### **ITEM No.9: Reappointment of Mr.R.Varadarajan as Wholetime Director.**

The present term of office of Mr.R.Varadarajan, Wholetime Director expired on 4th June 2014. The Board of Directors at its meeting held on 14th May 2014 has reappointed Mr.R.Varadarajan as Wholetime Director for a further period of 3 years from 5th June 2014 and approved the remuneration package, as given in the resolutions in agenda. The Nomination and Remuneration Committee of the Board also approved the remuneration package which will be subject to approval of shareholders by way of ordinary resolution.

The proposed resolution in the agenda and this explanatory statement may be treated as abstract of the terms and conditions of the reappointment of Mr.R.Varadarajan, Wholetime Director pursuant to applicable section of the Companies Act, 2013.

Excepting the Corporate Debt Restructuring Scheme of the Company, the Company has not defaulted in debt servicing. Hence, the proposed remuneration could be sanctioned by the shareholders, without need for the approval of Central Government, by way of ordinary resolutions.

Memorandum and Articles of Association, relevant resolutions passed by the Nomination and Remuneration Committee and the Board and the written memorandum setting out the terms of appointment of Wholetime Director vide Section 190(1)(b) are available for inspection by members at the registered office of the company during business hours on any working day.

None of the Directors or key managerial personnel or their relatives has any interest either financial or otherwise in this subject except Mr.R.Varadarajan.

#### **Statement as required under Section II of Part II of Schedule V of the Companies Act, 2013 for appointment of Mr.R.Varadarajan**

##### **1. GENERAL INFORMATION**

As set out under item No.8 (I) above

##### **2. INFORMATION ABOUT THE APPOINTEE MR.R.VARADARAJAN**

###### **a) Background details**

Mr.R.Varadarajan, who has a Masters' Degree in Business Management, has been associated with RSCL since its inception and is currently the Wholetime Director of the organization.

He has had a brief stint as Head, Faculty of Management studies of the PSG College of Arts & Science, Coimbatore where he had undertaken a special assignment in designing and implementing a three year undergraduate management programme to groom future Chief Executive Officers of Family Owned Businesses.

He leads a team, which handles Project Management, Strategic planning, legal affairs and general administration of all group companies. He has spearheaded the project team of the company through all stages of its development and expansion activities ranging from sugar to distillery to co-generation of power. Under his dynamic leadership, the company became the first ISO 9001:2000 certified integrated sugar complex in India, manufacturing sugar, alcohol, power, organic manure and bio-products.

###### **b) Past remuneration**

The remuneration paid to Mr.R.Varadarajan for the year 2013-2014 was as follows (in ₹):

<b>Particulars</b>	<b>Amount ₹</b>
Salary	48,00,000
Commission	--
Perquisites	9,24,745
<b>Total</b>	<b>57,24,745</b>