

NOTICE TO THE MEMBERS

Notice is hereby given that an Extraordinary General Meeting of the Members of Rajshree Sugars & Chemicals Limited will be held on Wednesday, the 10th day of October 2012 at 11.00 a.m. at the Chamber Hall, Indian Chamber of Commerce & Industry, Avanashi Road, Coimbatore 641 018 to transact the following business.

Special Business:**1. To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION****Employee Stock Option Plan (ESOP):**

"RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act 1956, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as "SEBI ESOP Guidelines") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of the Company be and is hereby accorded respectively to the 'RSCL Employee Stock Option Plan 2012' (hereinafter referred to as the "ESOP 2012"/ "Plan") and to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, offer and grant from time to time up to 11,89,585 stock options to the permanent employees, existing and future, including any Wholetime Director of the Company as may be decided solely by the Board under the Plan, exercisable into equal number of Equity Shares of face value of Rs. 10/- each fully paid up, in one or more tranches, on such terms and in such manner as the Board may decide in accordance with the provisions of the law or guidelines issued by the relevant authorities."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot Equity Shares to the eligible employees and Wholetime Director of the Company upon exercise of options from time to time in accordance with ESOP 2012."

"RESOLVED FURTHER THAT the number of options that may be granted to any employee including Wholetime Director of the company in any financial year and in aggregate under the ESOP 2012 shall not exceed 1% of the paid up capital of the Company."

"RESOLVED FURTHER THAT the Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional Equity Shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 11,89,585 Equity Shares shall be deemed to be increased to the extent of such additional equity shares issued."

"RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the Plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- per Equity Share bears to the revised face value of the Equity Shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under the ESOP 2012 on the Stock Exchanges, where the shares of the Company are listed and to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may at its sole and absolute discretion deem necessary or expedient and to settle any questions, difficulty or doubt that may arise in this behalf."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the terms and conditions of the ESOP from time to time including but not limited to amendment(s) with respect to vesting period and schedule, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the ESOP 2012 as it may deem fit, from time to time at its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI ESOP Guidelines and any other applicable laws."

2. To consider and if thought fit to pass with or without modification the following resolution as a SPECIAL RESOLUTION**Issue of Preferential warrants / shares on conversion of such equity warrants:**

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment to or reenactment thereof) and, subject to approvals of lenders, other parties from whom approval or consent may be needed,

Government of India, Securities & Exchange Board of India (under the preferential allotment regulations and other provision of law in force) and such other authorities, required if any, and, subject to such conditions as may be prescribed by them while granting the approvals (which may be accepted by the Board of Directors of the Company), consent of the Company, be and is hereby accorded to offering, issuing, allotting on preferential basis, to Ms.Rajshree Pathy, Chairperson and Managing Director ("the allottee") upto 11,50,000 (Eleven lakhs fifty thousand only) Equity warrants ("Equity Warrants"), and for the allotment of Equity Shares on exercise of such Equity Warrants where each such Equity Warrant is exercised, at the option of the holder they shall be allotted one fully paid up equity share of Rs.10/- each, at an exercise price ("the Exercise Price") (including premium) being a price not lower than the minimum price specified as per SEBI (ICDR) Regulations 2009 for Preferential issue (Chapter VII of the SEBI (ICDR) Regulations 2009), the "Relevant Date" for this purpose being 10th September 2012 and on such further terms and conditions, as may be finalized by the Board of Directors, in accordance with regulations / rules applicable to preferential allotment of the Equity Warrants, by Government of India, Securities & Exchange Board of India (SEBI), or any other authorities, as the case may be, and/or any modification thereof and subject to the following terms and conditions.

- a) A sum of 25% of the exercise price (such amount being referred to hereinafter as "the strike price") shall be payable by the Allottee within 15 days of the date of this resolution, based on which the allotment of warrants would take place. If Ms.Rajshree Pathy fails to pay the 25% amount within the above mentioned period of 15 days, then the resolution would become null and void and cannot be acted upon. If the Allottee does not exercise the Equity Warrants during the conversion period, the strike price shall be forfeited by the Company. In case the Allottee exercises the Equity Warrants, the strike price shall be adjusted against the share application money payable by the Allottee and only the balance 75% shall be payable by her.
- b) The Equity warrants shall be allotted within a period of 15 (fifteen) days of the passing of the resolution at the general meeting held to consider and approve the issue of Equity Warrants, subject to the condition that the allottee has paid the strike price before allotment.
- c) The Equity warrants shall be exercisable at the option of the holder, either in tranches or in one lot at any time within the exercise period. The exercise period shall not exceed 18 months from the date of allotment.
- d) The terms relating to such Equity warrants including the exercise period and relating to the Equity shares being allotted on their exercise may be decided in accordance with SEBI Regulations and other provisions of law as may be applicable to the transaction, by the Board of Directors.
- e) The Equity shares so allotted on exercise and conversion of the Equity warrants shall rank pari passu in all respects with the then existing Equity shares of the Company.
- f) The lock in period for the shares held and warrants and shares proposed to be allotted shall be as per SEBI (ICDR) Regulations 2009 which shall be as follows :
 1. The entire existing shareholding of 83,07,558 equity shares of Ms.Rajshree Pathy, Chairperson and Managing Director, shall be locked in from the relevant date up to the period of six months from the date of allotment of the warrants.
 2. The warrants to be issued on preferential basis will be subject to lock in up to the date of exercise of option.
 3. The 11,50,000 equity shares to be allotted as and when the option is exercised by the warrant holder will be subjected to lock in for a period of three years from the date of respective dates of allotment of equity shares.
- g) For the purpose of giving effect to this resolution, the Board of Directors of the Company, be and are hereby authorized to offer, issue & allot the Equity Warrants (and Equity shares arising on conversion of the Equity warrants) and take all such steps to enable listing of such shares in the Stock Exchanges where the shares of the company are already listed and to do all deeds, things and take action on matters, give such directions or instructions for settling any questions, doubt or difficulties which may arise with regard to the offer, issue or allotment of the said Equity warrants and / or shares and to take appropriate actions to bring into effect the decision of the above enabling resolution.

Item No.3

To consider and if thought fit, to pass, with or without modification, the following resolution as a SPECIAL RESOLUTION

Issue of Stock Options to Mr.R.Varadarajan, Wholetime Director

"RESOLVED THAT in partial modification of resolutions passed in this regard at the Annual General Meeting held on 10th August 2011 and pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, consent of the Company be and is hereby accorded for issue of stock options to Mr. R.Varadarajan, Wholetime Director of the Company in addition to the present remunerations already approved at the aforesaid Annual General Meeting and by the Central Government vide order dated 1st February 2012, as may be decided by the Remuneration Committee not exceeding the stock options per grant and in aggregate under the RSCL Employee Stock Option Plan 2012 (ESOP 2012) of the Company subject to the terms and conditions thereof, each convertible into Equity Share of Rs.10/- each fully paid-up.

By order of the Board

Place: Coimbatore
Date : 06.09.2012

R.S. GOWDHAMAN
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be member of the company. A proxy form is enclosed herewith.
2. All proxies in order to be effective, should be completed, signed, stamped and should be received at the Registered Office of the Company not less than 48 hours before scheduled commencement of the meeting.
3. The Explanatory Statement under Section 173(2) of the Companies Act, 1956, in respect of special business is hereunder annexed.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 1:****Employee Stock Option Plan**

Your Company believes in rewarding its employees for their continuous hard work, dedication and support, which has led the Company on the growth path. Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in ownership of the company through stock option scheme/ plan. The objective of the ESOP 2012 is to provide an incentive to attract and retain the best talents by way of rewarding their performance and motivate them to contribute to the corporate growth and profitability.

The main features of the employee stock option schemes are as under:**1. Total number of options to be granted:**

11,89,585 options exercisable into 11,89,585 Equity Shares in the Company of face value of Rs.10/- each fully paid-up, would be available for grant to eligible employees of the Company under ESOP 2012, in one or more tranches.

Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOP 2012.

SEBI ESOP Guidelines require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, stock split/ consolidation and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional Equity Shares are issued by the Company to the Option Grantees for making such fair and reasonable adjustment, the above ceiling shares as stated above from time to time shall be deemed to be increased to the extent of such additional equity shares issued.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Scheme(s):

Following classes of employees are entitled to participate in the ESOP 2012:

- a. Permanent employees of the Company working in India;
- b. Wholetime Director of the company.

3. Transferability of Employee Stock Options:

The stock options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company. The Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest subject to the minimum and maximum vesting period as specified below:

Options granted under ESOP 2012 would vest not less than 1 year and not more than 5 years from the date of grant of such options. The first vesting will start at the first anniversary of the grant.

5. Exercise price or pricing formula:

Exercise price in respect of the stock options granted shall be up to 50% discount from the market price of the Equity Shares of the Company.

6. Exercise period and the process of Exercise:

The vested options shall be eligible for exercise on and from the date of vesting. The vested stock options need to be exercised within 4 years from the date of vesting of the options.

The vested options shall be exercisable by the Employees by a written application to the Company/ Remuneration Committee formed in this behalf expressing his/ her desire to exercise the options in such manner and on such format as may be prescribed by the Remuneration Committee from time to time. The options will lapse if not exercised within the specified exercise period.

In case of cashless system of exercise of vested options, the Remuneration Committee shall be entitled to specify such procedures and/or mechanisms for the shares issued on exercise of the options as may be necessary and the same shall be binding on the Option Grantees.

7. Appraisal process for determining the eligibility of employees under ESOP 2012:

The options shall be granted to the employees as per performance appraisal system of the Company.

8. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to any specific employee under the Plan shall not exceed the number of shares equivalent to 1% of the Paid-up Share Capital of the Company per grant and in aggregate.

9. Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed under the SEBI ESOP Guidelines.

10. Method of option valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the options granted. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' report.

As the ESOP 2012 provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and as per clause 6 of the SEBI ESOP Guidelines.

The Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the shares that may be offered to them under the ESOP 2012.

Item No.2:

Issue of shares / warrants to the Promoters on a preferential basis:

The Company has been consistently adding to its operating capacity in both sugar and co-generation of power by acquisition, modernisation, expansion and creation of green field units.

The Company intends to strengthen its long term working capital needs by issue of Equity Warrants and Ms. Rajshree Pathy, Chairperson and Managing Director has agreed to provide the necessary funds by subscribing to the Equity warrants and on allotment of equity shares on exercise of such Equity warrants.

In terms of SEBI (ICDR) Regulations, 2009 as amended to date, the following disclosures are being made:

1. Objects of the Issue: To meet the long term working capital requirements of the company.
2. Intention of the Promoters, Directors, management personnel to subscribe to the offer: The Chairperson and Managing Director, Ms. Rajshree Pathy intends to subscribe to the offer fully.
3. The shareholding pattern before and after the preferential issue considering full allotment of Equity shares arising out of the issue of Equity warrants are given below:

Category Code	Category of shareholders	Pre-issue as on 30.6.2012		Post-issue	
		No. of shares	Percentage	No. of shares	Percentage
A	Shareholding of Promoter and Promoter Group Ms. Rajshree Pathy	8307558	34.92	9457558	37.92
	Others	438176	1.84	438176	1.76
	Total Shareholding of Promoters and Promoters group (A)	8745734	36.76	9895734	39.68
B	1) Public shareholding				
	Institutions				
	a) Mutual Funds/UTI	624027	2.62	624027	2.50
	b) Financial institutions/Banks	1530	0.01	1530	0.01
	c) Foreign institutional investors	--	--	--	--
	Sub Total B (1)	625557	2.63	625557	2.51

Category Code	Category of shareholders	Pre-issue as on 30.6.2012		Post-issue	
		No. of shares	Percentage	No. of shares	Percentage
2)	a) Non Institutions				
	b) Bodies Corporate	1940195	8.15	1940195	7.78
	Individuals				
	i) Individual shareholders holding nominal share capital upto Rs.1 lakh	6404881	26.92	6404881	25.68
	ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	2148502	9.03	2148502	8.61
	c) Any other				
	i) Directors & their relatives	1224559	5.15	1224559	4.91
	ii) Non Resident Indians	295652	1.24	295652	1.18
	iii) Overseas Bodies Corporate	100	0.00	100	0.00
	iv) Clearing members	31941	0.13	31941	0.13
	v) Hindu undivided families	203472	0.86	203472	0.82
	vi) NRI Directors	2141107	9.00	2141107	8.58
	vii) NRI Directors' Relatives	30000	0.13	30000	0.12
	Sub Total B (2)	14420409	60.61	14420409	57.81
	Total Public Shareholding(B)=B(1)+ B(2)	15045966	63.24	15045966	60.32
	Total (A) + (B)	23791700	100.00	24941700	100.00
C	Shares held by Custodians and against which Depository Receipts have been issued				
	i) Promoters and Promoter Group	--	--	--	--
	ii) Public	--	--	--	--
	Sub Total (C)	--	--	--	--
	Grand Total {A+B+C}	23791700	100.00	24941700	100.00

4. Proposed time within which allotment of the Equity Warrants will be completed: The Equity warrants shall be allotted within a period of 15 (fifteen) days of the passing of the resolution at the general meeting held to consider and approve the issue of Equity Warrants, subject to the condition that the allottee has paid the strike price before allotment.

5. Background of the Subscribers to the proposed issue:

The company, promoted by Late Shri G. Varadaraj who was the inspiration for its birth, is now headed by Ms. Rajshree Pathy, as Chairperson and Managing Director of the company. She has been the driving force behind the tremendous growth of the company from 1 sugar unit to 4 integrated complexes with sugar, co-generation of power, alcohol and agri bio products.

The company which was incorporated in the year 1985 now has units in Varadarajnagar, Theni District, Mundiampakkam, Villupuram District and Gingee, Villupuram District, Tamilnadu and a wholly owned subsidiary at Zaheerabad, near Hyderabad, Andhra Pradesh.

Ms. Rajshree Pathy has rich and varied experience in the sugar industry and has been the President of Indian Sugar Mills Association (2004-05) and served two terms as President of South Indian Sugar Mills Association, Tamilnadu (1995-1997 and 2007-2009).

She is Commerce graduate and alumna of the Owner President Management Program of the Harvard University and was selected as one of the hundred 'Global Leaders of Tomorrow' by the World Economic Forum in 1996.

The percentage of post preferential issue capital of Ms.Rajshree Pathy would be 37.92% and there would be no change in the control of the Company.

6. Auditor's certificate:

A certificate from the Statutory Auditors of the Company shall be obtained to the effect that the proposed issues of Equity warrants to the proposed Allottees is in accordance with the SEBI (ICDR) Regulations 2009 relating to preferential issues & such certificate shall be laid before the general meeting for inspection by the shareholders.

The Directors recommend the resolution for your approval.

None of the Directors are interested in the proposed resolution, save and except Ms.Rajshree Pathy, Chairperson and Managing Director who is interested directly being the person seeking to subscribe to the preferential allotment.

Item No.3:
Issue of Stock Options to Mr.R.Varadarajan, Whole Time Director

Mr.R.Varadarajan was reappointed as Wholetime Director for a period of 3 Years from 5th June 2011 at the Annual General Meeting held on 10th August 2011 and subsequently approved by the Central Government vide Order dated 1st February 2012 for a total remuneration of Rs.57,24,745/- per annum.

In order to reward the past association and performance of the employees including Wholetime Director as well as to motivate them to contribute to the growth and profitability of the Company, the Company proposes to issue Stock Options to the eligible employees of the company including Wholetime Director under the RSCL Employee Stock Option Plan (ESOP 2012) of the Company.

As per the said ESOP 2012 of the Company, Mr.R.Varadarajan, Wholetime Director is eligible for stock options as may be fixed by the Remuneration Committee subject to the overall ceiling of the stock options to be granted from time to time and in aggregate under the ESOP 2012.

The proposed resolution under Item No.3 and this explanatory statement may be treated as an abstract of variations in the terms and conditions of the appointment of Mr.R.Varadarajan, Wholetime Director pursuant to section 302 of the Companies Act, 1956.

The Directors recommend the resolution for your approval.

None of the directors other than Mr.R.Varadarajan is concerned or interested in the resolution.

Information about Mr.R.Varadarajan, Wholetime Director
1. Background details

Mr.R.Varadarajan, who has a Masters Degree in Business Management, has been associated with RSCL since its inception in 1987 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.

2. Past remuneration

The shareholders at the Annual General Meeting held on 10th August 2011 had accorded approval for payment of remuneration for a period of 3 years from 5.6.2011 to 4.6.2014 as follows.

Salary Rs.4,00,000/- per month

Perquisites Leave travel allowance of Rs.2,00,000/- per annum.

Encashment of earned leave not exceeding one month's salary per annum at the end of the tenure.

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 month's salary for each completed year of service.

Provision of company's car with driver for official use

Provision of a mobile phone and telephone at his residence for official use.

Subsequently, the Central Government vide Order dated 1st February 2012 approved for payment of remuneration of Rs.57,24,745/- per annum for a period of 3 years from 5th June 2011 to 4th June 2014.

3. Recognition or awards

The Coimbatore Management Association recognized him with its award as Best Manager of the Year 2011.

4. Job profile and his suitability

As Wholetime Director, he is responsible for the overall operations of the Company and works under the supervision and control of the Board of Directors and Managing Director. He has been associated with the Company right from inception and 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.

5. Remuneration proposed

The Company proposes to issue stock options as may be fixed by the Remuneration Committee subject to the overall ceiling of the stock options to be granted from time to time and in aggregate under ESOP 2012 in addition to the present remunerations as approved by the Shareholders at the Annual General Meeting held on 10th August 2011 and by the Central Government vide Order dated 1st February 2012.



Rajshree Sugars & Chemicals Limited

EXTRAORDINARY GENERAL MEETING

ADMISSION SLIP

Please complete this attendance slip and hand it over at entrance of the Meeting Hall. Only members or their proxies are entitled to be present at the meeting.

Name and Address

Folio No. :
No. of Shares :

I hereby record my presence at the Extraordinary General Meeting held at Conference Hall, Indian Chamber of Commerce and Industry, Avanashi Road, Coimbatore - 641 018 at 11.00 am on Wednesday, the 10th October 2012.

.....
Signature of the Member / Proxy



Rajshree Sugars & Chemicals Limited

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

PROXY FORM

I / We.....
of.....
being a Member / Members of Rajshree Sugars & Chemicals Limited, hereby appoint.....
.....of
.....or failing him / her
ofor failing him / her
of..... as my / our proxy to vote for me / us and on my / our behalf at
the Extraordinary General Meeting of the Company to be held on Wednesday, the 10th October 2012 at 11.00 a.m. and at
any adjournment thereof.

Signed this.....day of2012

Signed by the said.....

Re. 1/- Revenue Stamp	Folio No. :
	No. of Shares :

Note : This form duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

If undelivered, please return to :
SKDC Consultants Limited
Kanapathy Towers, III Floor,
1391/A-1, Sathy Road, Ganapathy,
Coimbatore - 641 006.
Phone : 0422 - 6549995

Book Post