

**NOTICE** is hereby given that the **TWENTY FIFTH ANNUAL GENERAL MEETING** of K.C.P.Sugar and Industries Corporation Limited will be held through Video Conferencing on Friday, the 25<sup>th</sup> Day of September, 2020 at the Registered Office of the Company at No.239, Anna Salai, Chennai – 600 006 at 10 AM to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company along with Audited Consolidated Financial Statements of the Company and its Subsidiaries for the financial year ended 31/03/2020 together with the Reports of Auditor and Board of Directors thereon;
2. To declare Dividend at the rate of 10% on the face value of the Equity Shares of the Company;
3. To appoint a Director, in the place of Mr.Vinod R.Sethi (DIN:00106598) who retires by rotation and being eligible, offers himself for reappointment.

**SPECIAL BUSINESS:**

4. **Reappointment of Ms.Irmgard Velagapudi (DIN:00091370) as the Managing Director of the Company:**

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

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197, 198, 203 read with Schedule V of the Companies Act, 2013 and applicable Rules notified there under and other applicable provisions of the Companies Act, 2013 and applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the time being in force and further in accordance with Articles 147 and 148 of the Articles of Association of the Company, Ms.Irmgard Velagapudi (DIN:00091370), be and is hereby reappointed as the Managing Director of the Company for a period of 5 years commencing from 29/03/2020 to 28/03/2025 on the terms and conditions set forth herein below:

(i)	Salary	Rs.4,00,000/- (Rupees Four Lakhs Only) per month
(ii)	Perquisites	<ul style="list-style-type: none"> <li>· Provision of Car(s) with driver(s) for official purpose (Cost incurred on usage of Car for personal purpose shall be charged to the Appointee Managing Director);</li> <li>· Provision of Landline Phone at the residence and Mobile including long distance calls made for official purpose. (Cost of long distance calls made for personal purpose shall be charged to the Appointee Managing Director).</li> </ul>

(iii)	Commission	<p>In addition to Salary and Perquisites as mentioned above, Appointee Managing Director shall be entitled to Commission of such amount derived in the manner given below:</p> <p><i>“Commission = 3% of net profits of the Company for that financial year minus [Salary + Perquisites, as specified above]”</i></p>
(iv)	Minimum Remuneration	<p>In any financial year, when there is no profit or the profit is inadequate in terms of applicable provisions of the Companies Act, 2013, Minimum Remuneration of Salary and Perquisites as given above shall be paid subject to a maximum permissible limits set out in Item (A) of Section II of Part II of Schedule V of the Companies Act, 2013. In such case, Appointee Managing Director shall not be entitled to any commission. Such Minimum Remuneration shall be paid for a period not exceeding 3 (Three) years, as may be applicable during the said tenure of appointment.”</p>

**“RESOLVED FURTHER THAT** the term of office of Ms.Irmgard Velagapudi as Managing Director of the Company is not subject to retirement by rotation.”

**“RESOLVED FURTHER THAT** Ms.Irmgard Velagapudi, be and is hereby authorized to exercise such powers of management, as may be delegated to a Managing Director under the Companies Act, 2013 and / or by the Board of Directors of the Company, from time to time subject to the overall superintendence, control and direction of the Board of Directors of the Company.”

**5. Reappointment of Mr.Vinod R.Sethi (DIN: 00106598) as Whole-Time Director of the Company:**

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

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197, 198 read with Schedule V of the Companies Act, 2013 and applicable Rules notified there under and other applicable provisions of the Companies Act, 2013 and Regulation 17 (6) (e) and other applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the time being in force and further in accordance with Articles 147 and 148 of the Articles of Association of the Company, Mr.Vinod R.Sethi (DIN: 00106598), be and is hereby reappointed as Whole-Time Director of the Company, designated as Executive Chairman, for a period of 5 years commencing from 08/04/2020 to 07/04/2025 whose term of office is subject to retirement by rotation, on the terms and conditions set forth herein below:

(i)	Salary	Rs.1,00,000/- (Rupees One Lakh Only) per month
(ii)	Perquisites	<ul style="list-style-type: none"> <li>• Contribution to Provident Fund;</li> <li>• Gratuity as per the Payment of Gratuity Act;</li> <li>• Mediclaim Insurance;</li> <li>• Personal Accident Insurance;</li> <li>• Provision of Car(s) with driver(s) for official purpose (Cost incurred on usage of Car for personal purpose shall be charged to the Appointee Whole Time Director);</li> <li>• Provision of Landline Phone at the residence and Mobile including long distance calls made for official purpose. (Cost of long distance calls made for personal purpose shall be charged to the Appointee Whole Time Director).</li> </ul>
(iii)	Commission	<p>In addition to Salary and Perquisites as mentioned above, Appointee Whole Time Director shall be entitled to Commission of such amount derived in the manner given below:</p> <p><i>"Commission = 3% of net profits of the Company for that financial year minus [Salary + Perquisites, as specified above]"</i></p>
(iv)	Minimum Remuneration	<p>In any financial year, when there is no profit or the profit is inadequate in terms of applicable provisions of the Companies Act, 2013, Minimum Remuneration of Salary and Perquisites as given above shall be paid subject to a maximum permissible limits set out in Item (A) of Section II of Part II of Schedule V of the Companies Act, 2013. In such case, Appointee Whole Time Director shall not be entitled to any commission. Such Minimum Remuneration shall be paid for a period not exceeding 3 (Three) years, as may be applicable during the said tenure of appointment.</p> <p>In this connection, for the purpose of calculation of Minimum Remuneration, Contribution to Provident Fund and Gratuity within such limits as provided in Section IV of Schedule V of the Companies Act, 2013 shall not be included."</p>

6. **Minimum Remuneration paid to Managerial Personnel:**

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

“**RESOLVED THAT** in terms of Section 197 (10) of the Companies Act, 2013, the Minimum Remuneration paid to Ms.Irmgard Velagapudi, Managing Director and Mr.Vinod R.Sethi, Executive Chairman for the financial year 2019 – 2020, fourth year of inadequate profits, during their term covering 2015 – 2020, be and is hereby ratified.”

7. **Remuneration to Cost Auditor:**

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 Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and relevant Rules made thereunder, the remuneration of a sum of Rs.1,64,500/- (Rupees One Lakh Sixty Four Thousand and Five Hundred Only), exclusive of applicable GST and reimbursement of travel and out of pocket expenses to M/s.SRR & Associates, Cost Accountants, Chennai (FRN 000992), for conducting Cost Audit for the financial year ending 31/03/2021, approved by the Board of Directors based on the recommendation of Audit Committee, be and is hereby ratified.”

**// BY ORDER OF THE BOARD//**

Place : Chennai

Date : 23/07/2020

**VINOD R.SETHI  
EXECUTIVE CHAIRMAN  
DIN: 00106598**

**NOTES:**

1. The Statement setting out the material facts concerning each item of special business to be transacted at the Annual General Meeting, in terms of Section 102 of the Companies Act, 2013, is enclosed hereto. Relevant documents as referred to in the Notice of Annual General Meeting and the said Statement will be available for online inspection at the Website of the Company till the conclusion of the Annual General Meeting. For online inspection, go to / click on the following Website Link [www.kcpsugar.com](http://www.kcpsugar.com).
2. M/s.Integrated Registry Management Services Private Limited, 2<sup>nd</sup> Floor, 'Kences Towers', No.1, Ramakrishna Street, T.Nagar, Chennai – 600 017 is the Share Transfer Agent and Depository Registrar of the Company (hereinafter referred to as “**Registrar of the Company**”).
3. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company provides facility to Members to exercise their voting right by Remote e-voting in respect of businesses set out in the Notice of Annual General Meeting. The manner in which Members shall cast their vote by Remote e-Voting is provided in Instructions for e-Voting at Page No.263 of this Annual Report;
4. The Ministry of Corporate Affairs vide their General Circular No.20/2020 dated 05/05/2020 allowed the Companies to conduct their Annual General Meeting through Video Conferencing due to the pandemic caused by Covid-19.
5. How to join and participate in the Annual General Meeting held through Video Conferencing?
  - (i) **Prerequisite:** Computer or Laptop or Smart Phone with internet connection;
  - (ii) By using the same Credentials given for Remote e-Voting, Members have to log into [www.evoting.nsdl.com](http://www.evoting.nsdl.com). 'Procedure for logging in', is provided at Page No. 263 of this Annual Report;
  - (iii) After logging in, Members can join the Annual General Meeting by clicking on the link available for Annual General Meeting through Video Conferencing under **EVEN (113251)** of the Company;
  - (iv) Members may post their questions by email addressed to [secretarial@kcpsugar.com](mailto:secretarial@kcpsugar.com) not less than 2 days before the date of Annual General Meeting by providing relevant membership details for the purpose of identification including Name, Folio Number / Client ID / DP ID;
  - (v) Those Members who have joined the Annual General Meeting held through Video Conferencing and who have not cast their vote by Remote e-Voting may cast their vote by e-Voting during the Annual General Meeting from 10 AM to 1 PM in the same manner provided for Remote e-Voting;
  - (vi) For better experience, Members are advised to use their Computer or Laptop rather than Smart Phone;
  - (vii) For better connectivity, stable Wi-Fi or LAN connection is suggested;
  - (viii) For any assistance, in respect of joining or participating in the Annual General Meeting or e-Voting, Members may contact at 022 24994545 / 1800 222 990 (Toll Free Number) (or) email to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) before or during the Annual General Meeting.

6. The facility to join the Annual General Meeting held through Video Conferencing will be open, 15 minutes before the time scheduled for Annual General Meeting till the expiry of 15 minutes after the time scheduled for Annual General Meeting.
7. Members may please note that Annual General Meeting held through Video Conferencing can accommodate only 1000 Members. Hence, Members will be allowed to participate in the Annual General Meeting on first come, first served basis.
8. Proxies are not allowed to join and participate in the Annual General Meeting held through Video Conferencing as per the Guidelines of Ministry of Corporate Affairs.
9. Institutional Shareholders are required to send scanned copy of relevant Board Resolution / Authority Letter with attested specimen signature of duly Authorised Signatory(ies) authorising persons to vote, to the Scrutiniser by email to [jayashree2505@gmail.com](mailto:jayashree2505@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
10. All the Members who have joined the Annual General Meeting through Video Conferencing will be counted for the purpose of Quorum.
11. Members who have cast their vote by Remote e-Voting may attend the Annual General Meeting through Video Conferencing but cannot vote at the said Annual General Meeting.
12. Only those Members who have joined the Annual General Meeting through Video Conferencing and have not casted their vote by Remote e-Voting can cast their vote by e-Voting during the Annual General Meeting from 10 AM to 1 PM.
13. Members shall be entitled to one vote for every one share held by him / her / it in the Company.
14. Register of Directors and Key Managerial Personnel and their Shareholding as maintained in terms of Section 170 of the Companies Act, 2013 and relevant Rules made thereunder will be available for online inspection in the Website of the Company, one day before the date of Annual General Meeting till the conclusion of the Annual General Meeting. For online inspection, go to / click on the following Website Link [www.kcpsugar.com](http://www.kcpsugar.com).
15. Register of Contracts or Arrangements in which Directors are interested as maintained in terms of Section 189 of the Companies Act, 2013 and relevant Rules made thereunder will be available for online inspection in the Website of the Company, one day before the date of Annual General Meeting till the conclusion of the Annual General Meeting. For online inspection, go to / click on the following Website Link [www.kcpsugar.com](http://www.kcpsugar.com).
16. Separate Audited Accounts of Subsidiaries of the Company will be available in the Website of the Company not less than 21 days before the date of Annual General Meeting.
17. Annual Report will be available in the Website of the Company not less than 21 days before the date of Annual General Meeting.
18. Register of Members / Register of Beneficial Owners and Share Transfer Books of the Company will remain closed from 17/09/2020 to 25/09/2020 both days inclusive for the purpose of Annual General Meeting and payment of dividend for the financial year ended 31/03/2020.

19. Dividend on Equity Shares of the Company, as recommended by the Board and if approved by the Shareholders at the Annual General Meeting will be paid within 30 days from the date of declaration of dividend to those Members whose names appear in the Register of Members / Register of Beneficial Owners, as the case may be on 18/09/2020, the Cut-off Date.
20. Dividend will be paid by issuance of Dividend Warrants (or ECS, if opted by the Member) to the Members holding shares in physical form. Members may opt for ECS (direct credit to the Bank Account of the Member) for receipt of dividend by sending the duly filled in ECS Mandate Form enclosed to this Annual Report.
21. Dividend will be paid to those Members who hold shares in demat form through National Electronic Clearing System (NECS), if complete core banking details are available with the Company. If not, dividend warrants will be issued to those Members, mentioning their bank account details as available with the Company.
22. Members are requested to register / update their bank account details (*Use ECS Mandate Form enclosed to this Annual Report*) with the Registrar of the Company (if shares are held in physical form) or their respective Depository Participants (if shares are held in demat form) for the purpose of payment of dividend through NECS. Members may note that NECS system provides instantaneous credit to the Members' bank account, protects against fraudulent interception and encashment of dividend warrants and provides relief against loss or damage of dividend warrants in transit.
23. Dividend Warrants to be issued by the Company will be payable at par with a validity period of 3 months. Hence, Members are advised to encash the dividend warrants within the said period.
24. Dividend will be paid without deduction of tax to the Members. Taxability of dividend in the hands of recipients is as per extant applicable law.
25. As per mandate of SEBI, any transfer of shares can be done only if shares are held in demat form. Hence, Members are hereby requested to dematerialise their shares by opening a demat account with a Depository Participant, if not done so far.
26. Any correspondence or concern in respect of transfer of shares, etc., may be addressed to the Registrar of the Company directly.
27. Members who are holding shares in more than one folio, identically, are requested to consolidate their shareholdings in a single folio by sending requisite details along with Share Certificates to the Registrar of the Company.
28. As provided by Section 72 of the Companies Act, 2013 and Rule 19 of Companies (Share Capital and Debentures) Rules, 2014, Members may nominate a person to whom the shares shall vest in the event of his / her death. In case of Joint Shareholders, all the Joint Shareholders together shall nominate a person to whom the shares shall vest in the event of death of all the Joint Shareholders.

Members holding shares in physical form / demat form desirous of making nomination can send their request in Form SH-13 to the Registrar of the Company / Depository Participant, respectively.

29. Members who have not lodged their old share certificates of 'The K.C.P. Limited' for exchange of new share certificate of the Company in terms of the approved Scheme of Arrangement are

requested to surrender the same to The K.C.P. Limited, No.2 Dr.P.V.Chcrian Crescent, Egmore, Chennai – 600 008 at the earliest with a copy marked to the Registrar of the Company. New share certificates of the Company will be despatched after receipt of confirmation from The K.C.P. Limited.

30. Due to difficulties caused by Covid-19, Ministry of Corporate Affairs have instructed the Company to send the Annual Report only by email. The soft copy of Annual Report is being sent by email to all the Members whose email IDs are registered with the Registrar of the Company. The soft copy of Annual Report is also placed in the Website of the Company.
31. Members are requested to register / update their email addresses with the Registrar of the Company to enable service of documents through electronic mode.
32. Distribution of gift, gift coupons or cash in lieu of gifts in any mode to the Members at or in connection with the Annual General Meeting is not permitted as per Clause 14 of Secretarial Standards on General Meeting and the Company adheres to the same.

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:**

**Item No.4 – Reappointment of Ms.Irmgard Velagapudi as Managing Director of the Company:**

Ms.Irmgard Velagapudi was originally appointed as Managing Director of the Company for a period of three years from 29/03/2002 to 28/03/2005 in the Seventh Annual General Meeting of the Company held on 11/09/2002. Subsequently, she was reappointed for the second term for a period of five years from 29/03/2005 to 28/03/2010 at the Tenth Annual General Meeting of the Company held on 31/08/2005. For a further period of five years from 29/03/2010 to 28/03/2015, she was reappointed at the Fifteenth Annual General Meeting of the Company held on 19/08/2010. Her reappointment as Managing Director of the Company, for the fourth term for a period of five years from 29/03/2015 to 28/03/2020, was made at the Twentieth Annual General Meeting of the Company held on 20/08/2015.

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee, had unanimously approved the appointment of Ms.Irmgard Velagapudi as Managing Director of the Company for a further period of 5 years from 29/03/2020 to 28/03/2025, in its Board Meeting held on 07/02/2020, subject to the approval of Shareholders of the Company in the ensuing Annual General Meeting.

The terms and conditions of appointment of Ms.Irmgard Velagapudi as Managing Director of the Company are as set out in the resolutions in Item No.4. Her term of office is not subject to retirement by rotation. The terms of appointment of Ms.Irmgard Velagapudi as Managing Director of the Company are in compliance with the applicable provisions of the Companies Act, 2013 and applicable Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Ms.Irmgard Velagapudi is of 83 years old and a German National. She holds a German Diploma in Commerce. She is the wife of Mr.Velagapudi M.Rao, the late Chairman and Managing Director of the Company. The Company with Ms.Irmgard Velagapudi at the helm of affairs as Managing Director had went from strength to strength, nevertheless the cyclic nature of Sugar Industry, in which the Company is into. With sustained growth, consistent dividend policy and prompt payment of cane dues with excellent track record even during tough times, the Company had carved a niche in the industry. Her leadership was exemplary even during difficult times on account of dwindling cane availability coupled with farm labour



problems attributable to the cyclic nature of the Sugar Industry. Owing to her dynamic and remarkable managerial skills, cordial relationship is being maintained with all stakeholders including farmers which repose unflinching confidence in the Company.

Ms.Irmgard Velagapudi has been the Managing Director of the Company ever since 2002. Her compassionate leadership qualities coupled with her vast experience and her conventional approach to cyclic nature of Sugar Industry had played a vital role in keeping up the Company despite various external factors. She had been instrumental in streamlining the factors operating the Industry and thus owing to the sustained growth of the Company and thereby justifying her reappointment as Managing Director of the Company.

She has been paid a minimal remuneration ever since her appointment. The same remuneration is proposed for the proposed term of reappointment also. Apart from holding shares in the Company and remuneration payable to her as Managing Director, she has no other pecuniary relationship with the Company.

Additional information as required to be provided as per Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- Ms.Irmgard Velagapudi is an expert in managing the corporate affairs of the Company.
- She is not a director in any listed company other than this Company.
- She is a member of Stakeholder Relationship Committee and Chairman of CSR Committee of the Board of Directors of the Company.
- Ms.Irmgard Velagapudi, Ms.Kiran Velagapudi and Mr.Vinod R.Sethi are relatives.

**Directorships of proposed Managing Director in other Companies:**

- |                                                     |                            |
|-----------------------------------------------------|----------------------------|
| 1. The Eimco – K.C.P. Limited                       | - Chairperson cum Director |
| 2. KCP Sugars Agricultural Research Farms Limited   | - Chairperson cum Director |
| 3. V M Rao Consultants Private Limited              | - Director                 |
| 4. Energy Device Technology (India) Private Limited | - Director                 |
| 5. Durgamba Investment Private Limited              | - Director                 |

The Board of Directors of the Company proposes the appointment of Ms.Irmgard Velagapudi as Managing Director of the Company on such terms and conditions, as prescribed in the resolutions set out in Item No.4. Approval of Shareholders by way of Special Resolution is required as per Section 196 read with Schedule V of the Companies Act, 2013, for appointment of a person who is above 70 years of age, as a Managing Director of the Company. With this note, the Board recommends the said resolutions to be passed as **Special Resolution** in the Annual General Meeting to be held on 25/09/2020.

**Memorandum of Interest:**

Ms.Irmgard Velagapudi is interested in the resolutions set out in Item No.4 of the Notice of Annual General Meeting. None of the other Directors and Key Managerial Personnel of the Company except Ms.Kiran Velagapudi and Mr.Vinod R.Sethi, being relatives, is deemed to be concerned or interested in the said Item No.4.

**Item No.5 – Reappointment of Mr.Vinod R.Sethi as Whole-Time Director of the Company:**

Mr.Vinod R.Sethi was co-opted as an Additional Director in the Board of Directors of the Company on 26/10/2005 and was elected as Chairman of the Board of Directors of the Company for a period of five years. Subsequently, he was appointed as Director of the Company at the Eleventh Annual General Meeting of the Company held on 12/10/2006. Thereafter, he was appointed as Whole Time Director of the Company, designated as Executive Chairman, for a period of five years from 08/04/2010 to 07/04/2015 at the Fifteenth Annual General Meeting of the Company held on 19/08/2010. He was further appointed as Whole Time Director of the Company, designated as Executive Chairman, for a period of 5 years from 08/04/2015 to 07/04/2020 at the Twentieth Annual General Meeting of the Company held on 20/08/2015.

The Board of Directors of the Company based on the recommendation of Nomination and Remuneration Committee, had unanimously approved the appointment of Mr.Vinod R.Sethi as Whole Time Director of the Company, designated as Executive Chairman, for a further period of 5 years from 08/04/2020 to 07/04/2025, in its Board Meeting held on 07/02/2020, subject to the approval of Shareholders of the Company in the ensuing Annual General Meeting.

The terms and conditions of appointment of Mr.Vinod R.Sethi as Whole Time Director of the Company are as set out in the resolutions in Item No.5. His term of office is subject to retirement by rotation. The terms of appointment of Mr.Vinod R.Sethi as Whole Time Director of the Company are in compliance with the applicable provisions of the Companies Act, 2013 and applicable Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mr.Vinod R.Sethi is 58 years old. He is an Indian National. He is a Chemical Engineer from IIT, Mumbai and a Graduate of MBA (Finance) and a Beta Gamma Sigma Graduate from New York University with rich experience in investment banking for more than a decade, heading the Indian business of Morgan Stanley Investment Management, Inc, New York. He has been on the Board of several leading Companies.

Mr.Vinod R.Sethi, by rendering valuable and significant services to the Company for 15 years, has positioned himself to be a pillar of the Company and wherever situation warrants, his keen observance of various factors cushioned on his rich experience had helped the Company to take investment decisions at the right time.

Ever since his appointment as Whole Time Director of the Company, he is being paid a minimal remuneration. The same remuneration is proposed for the proposed term of reappointment also. Apart from holding shares in the Company and remuneration payable to him as Whole Time Director, he has no other pecuniary relationship with the Company.

**Additional information as required to be provided as per Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

- Mr.Vinod R.Sethi is a technical savvy and he has been in the Board of several leading companies and thereby inculcating financial discipline in investment decisions of the Company.
- He is not a director in any listed company other than this Company.
- He is a member of Audit Committee, Nomination and Remuneration Committee and CSR Committee of the Board of Directors of the Company.
- Mr.Vinod R.Sethi, Ms.Kiran Velagapudi and Ms.Irmgard Velagapudi are relatives.

**Directorships of proposed Whole Time Director in other Companies:**

1. Amethyst Cafe Private Limited - Director
2. KCP Sugars Agricultural Research Farms Limited - Director
3. Durgamba Investment Private Limited - Director
4. Sethi Funds Management Private Limited - Director
5. Anibrain Digital Technologies Private Limited - Director

The Board of Directors of the Company proposes the appointment of Mr.Vinod R.Sethi as Whole Time Director of the Company on such terms and conditions, as prescribed in the resolutions set out in Item No.5. As per Regulation 17 (6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, remuneration payable to executive director who is a promoter requires approval of Shareholders by way of Special Resolution, if the aggregate annual remuneration payable to all the executive directors who are promoters exceeds 5% of net profits of the Company. With this note, the Board recommends the said resolutions to be passed as **Special Resolution** in the Annual General Meeting to be held on 25/09/2020.

**Memorandum of Interest:**

Mr.Vinod R.Sethi is interested in the resolutions set out in Item No.5 of the Notice of Annual General Meeting. None of the other Directors and Key Managerial Personnel of the Company except Ms.Irmgard Velagapudi and Ms.Kiran Velagapudi, being relatives, is deemed to be concerned or interested in the said Item No.5.

**Item No.6 - Minimum Remuneration paid to Managerial Personnel:**

Ms.Irmgard Velagapudi, Managing Director and Mr.Vinod R.Sethi, Executive Chairman were paid Minimum Remuneration by way of Salary and Perquisites for the Financial Year 2019 -2020, being the fourth financial year of inadequate profits during their tenure. On finalisation of Accounts, for the Financial Year 2019 – 2020, it was ascertained that the Company has sustained loss for the said Financial Year. As per Schedule V of the Companies Act, 2013 and terms of appointment, Minimum Remuneration to be paid not exceeding three years, during the years of inadequate profits falling under the tenure of the respective director.

However, in terms of Section 197 (10) of the Companies Act, 2013, the Minimum Remuneration paid to Managerial Personnel beyond the said period of three years may be ratified by the Shareholders by passing a special resolution.

The Nomination and Remuneration Committee of the Board of Directors has recommended the ratification of the payment of the Minimum Remuneration paid for the Financial Year 2019 - 2020 to the Managing Director and Executive Chairman at its Meeting held on 23/07/2020 and the said recommendation of Nomination and Remuneration Committee is approved by the Board at its Meeting held on 23/07/2020. Now the matter is placed before the Shareholders for ratification of payment of Minimum Remuneration to the Managing Director and Executive Chairman for the Financial Year 2019 - 2020.

Though the Company is a Standalone Sugar Industry, the Company has achieved an excellent track record by following strict financial discipline and has built up excellent rapport with the Agrarian Community at large in the command area and employees, in particular. The industrial relations are absolutely cordial. In spite of the cyclical nature of the Sugar Industry which is facing down trend, the Company is able to withstand the difficult times and maintain liquidity at good standards under the able guidance of the Managerial Personnel.

**Information as required to be provided under Schedule V of the Companies Act, 2013:**

**I. General Information**

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|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Nature of Industry                              | Manufacture of Sugar, Incidental Cogeneration Power, Industrial Alcohol, Ethanol, Bio-Fertilisers, CO2 and Calcium Lactate.                                                                                                                                                      |
| 2. Date of Commencement of Commercial Production   | The Company has been vested with the core manufacturing activities by virtue of duly approved Scheme of Arrangement for Demerger from The K.C.P. Limited with effect from 01/04/1996.                                                                                            |
| 3. Financial Performance based on given indicators | The loss sustained by the Company for 4 years was on account of the Sectoral problems including 'supply exceeding the demands'. The Company per se performed excellently well by duly discharging all the financial commitments including the full settlement of sugarcane dues. |
| 4. Foreign Investments or Collaborations, if any   | Nil                                                                                                                                                                                                                                                                              |

**II. Information about the Appointee**

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|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Background Details                | Please refer to Item No.4 and 5 of this Explanatory Statement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 2. Past Remuneration                 | <p>a) <b><u>Ms.Irmgard Velagapudi, Managing Director:</u></b><br/>Salary of Rs.Four Lakhs per month + Perquisites + Commission on Net Profits, in such a way that aggregate remuneration does not exceed 3% of Net Profits (In case of inadequate profits / no profits, Minimum Remuneration consisting of Salary and Perquisites only be paid);</p> <p>b) <b><u>Mr.Vinod R.Sethi, Executive Chairman:</u></b><br/>Salary of Rs.One Lakh per month + Perquisites + Commission on Net Profits, in such a way that aggregate remuneration does not exceed 3% of Net Profits (In case of inadequate profits / no profits, Minimum Remuneration consisting of Salary and Perquisites only be paid).</p> |
| 3. Recognition or Awards             | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 4. Job Profile and their Suitability | Please refer to Note No.4 and 5 of this Explanatory Statement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 5. Remuneration Proposed             | Same as Past Remuneration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

- |                                                                                                                         |                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6. Comparative Remuneration Profile with respect to industry, size of the Company, profile of the position and person   | Since, the Company is a Standalone Sugar Industry, such comparison may not be appropriate, as many of the Sugar Industries are having multiple products in Sugar Complex.                                                                 |
| 7. Pecuniary relationship directly or indirectly with the Company or relationship with the Managerial Personnel, if any | Ms.Irmgard Velagapudi and Mr.Vinod R.Sethi holds equity shares in the Company and they drew remuneration as such Managing Director and Executive Chairman. Ms.Irmgard Velagapudi, Mr.Vinod R.Sethi and Ms.Kiran Velagapudi are relatives. |

### III. Other Information

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|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Reasons of loss or inadequate profits                             | <p>Bumper production of Sugar for the last four years in Uttar Pradesh, Maharashtra and a part of Karnataka far exceeding the domestic requirements, resulted in glut in the Sugar Market.</p> <p>Consequently, Sugar Prices are continue to be under pressure. This is a Sectoral problem and therefore, the Company per se cannot do anything.</p>                                                                                                                                                    |
| 2. Steps taken or proposed to be taken for improvement               | <p>With a view to mitigate the financial sufferings of Sugar Mills, the Government of India has taken a number of measures such as:</p> <ul style="list-style-type: none"> <li>(a) creation of buffer stock and reimbursement of interest and other charges on holding the buffer stock;</li> <li>(b) mandatory export of Sugar to release the surplus under a Subsidy Scheme</li> <li>(c) extending long term financial assistance through Commercial Banks with interest subvention, etc.,</li> </ul> |
| 3. Expected increase in productivity and profits in measurable terms | Increase in productivity is not appropriate as the Country is already flooded with Sugar. Government of India has reintroduced release mechanism to control excess supply, thereby to firm up the Sugar Price. A Minimum Support Price for Sugar has also been brought in place to avoid falling of prices to uneconomical levels.                                                                                                                                                                      |

#### Memorandum of Interest:

Ms.Irmgard Velagapudi and Mr.Vinod R.Sethi are interested in the resolutions set out in Item No.6 of the Notice of Annual General Meeting. None of the other Directors and Key Managerial Personnel of the Company except Ms.Kiran Velagapudi, being a relative, is deemed to be concerned or interested in the said Item No.6.

**Item No.7 – Remuneration to Cost Auditor:**

The Board of Directors of the Company based on the recommendation of Audit Committee, has approved the appointment and remuneration of M/s.SRR & Associates, Cost Accountants, Chennai (FRN 000992) as Cost Auditor of the Company for conducting Cost Audit for the financial year ending 31/03/2021.

In terms of Section 148 read with Section 141 of the Companies Act, 2013, the said Cost Accountants Firm has confirmed that the Firm satisfies the eligibility conditions, prescribed therein and not disqualified in any way for appointment as Cost Auditor of the Company. The said Firm has also given a Certificate on its independence and arms length relationship with the Company.

The Products which are subject to Cost Audit and place of such Audit is as given below:

Product	Location of Factory
Sugar	Vuyyuru at Krishna District, Andhra Pradesh
Electricity	Vuyyuru at Krishna District, Andhra Pradesh
Industrial Alcohol	Vuyyuru at Krishna District, Andhra Pradesh
Bio-Fertilizers	Vuyyuru at Krishna District, Andhra Pradesh
Calcium Lactate	Vuyyuru at Krishna District, Andhra Pradesh
Carbon dioxide	Vuyyuru at Krishna District, Andhra Pradesh

Pursuant to Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of a sum of Rs.1,64,500/- (Rupees One Lakh Sixty Four Thousand and Five Hundred Only), exclusive of applicable GST and reimbursement of travel and out of pocket expenses payable to Cost Auditor, as approved by the Board of Directors of the Company based on the recommendation of Audit Committee, is placed before the Members of the Company for ratification.

The Board recommends the resolution to be passed as an **Ordinary Resolution**.

**Memorandum of Interest:**

None of the Directors and Key Managerial Personnel of the Company is deemed to be concerned or interested in Item No.7 of the Notice of the Annual General Meeting.

**// BY ORDER OF THE BOARD//**

Place : Chennai

Date : 23/07/2020

**VINOD R.SETHI**  
**EXECUTIVE CHAIRMAN**  
**DIN: 00106598**