

RAMCO SYSTEMS LIMITED

REGISTERED OFFICE: 47, P.S.K NAGAR, RAJAPALAYAM - 626 108.

CORPORATE OFFICE: 64, SARDAR PATEL ROAD, TARAMANI, CHENNAI - 600 113.



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of Ramco Systems Limited, will be held on Monday, the 29th July, 2013, at 12.30 P.M. at Shri P A C Ramasamy Raja Centenary Community Hall, Sudharsan Gardens, PAC Ramasamy Raja Salai, Rajapalayam - 626 108 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditor thereon.
2. To appoint a director in the place of Shri N K Shrikantan Raja, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in the place of Shri A V Dharmakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. CNGSN & Associates, Chartered Accountants, Chennai, as the Statutory Auditors of the Company, who retire at the conclusion of this Annual General Meeting, to hold office until the conclusion of the next Annual General Meeting, on a remuneration of Rs.9,00,000/- (Rupees Nine Lakhs only) exclusive of Service Tax and Out of Pocket Expenses.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s) the following resolution as **ORDINARY RESOLUTION**:

“RESOLVED THAT in supersession of the resolution passed by the members of the Company in the extra-ordinary general meeting held on 18th February, 2000, and pursuant to the provisions of Section 293(1)(d) of Companies Act, 1956 or any amendment or modifications thereof, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of the Company, and on such terms and conditions as the Board may consider necessary and expedient in the best interest of the Company, subject to the condition that such borrowing shall not exceed Rs. 5,00,00,00,000 (Rupees Five Hundred Crores only) at any point in time, not withstanding that the money to be borrowed together with the moneys already borrowed by the Company (excluding all temporary loans obtained by the Company from its bankers in the ordinary course of its business), will exceed the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.”

6. 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 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Regulations / Guidelines, prescribed by SEBI or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required, the Board (which term shall deem to include “Compensation Committee” or any “Sub Committee” thereof, constituted by the Board to exercise its powers, including the powers conferred by this resolution) be and is hereby authorised, on behalf of the Company to grant from time to time, in one or more tranches, options to apply for equity shares of the face value of Rs.10 each, of the Company to or for the benefit of the employees of the Company and /or its subsidiaries as may be determined by the Compensation Committee (including the Directors of the Company, whether whole-time Director or not) under a Scheme titled **“EMPLOYEES STOCK OPTION SCHEME, 2013”** (hereinafter referred to as “ESOS 2013”) to be evolved in this regard, and consequently create, issue, offer, allocate and allot at any time and from time to time, equity shares not exceeding 10,00,000 (Ten Lakhs only) of Rs.10 each in terms of such options. The options and the consequential issue, offer, allocation and allotment of shares shall be at such price including at a discount to the market price, in such

manner, during such period in one or more tranches and on such other terms and conditions as the Board may decide from time to time. The Board may fix such price including at a discount to the market price, terms and conditions and criteria for grant of option, in respect of each tranche of options granted.

RESOLVED FURTHER THAT the non-executive directors of the Company, including independent directors, be granted up to a maximum of 2,00,000 Stock Options per annum and upto a maximum of 4,00,000 stock options in the aggregate under ESOS 2013.

RESOLVED FURTHER THAT to the extent permitted as per the existing provisions of law in this regard all/any equity shares resulting from the conversion of the Options to be allotted as an outcome of the above mentioned resolution shall, upon allotment, rank pari passu in all respects inter-se as also with the then existing equity shares including dividend entitlement.

RESOLVED FURTHER THAT the Board of directors of the Company including its Sub Committee constituted in this regard/as may be constituted in this regard, be and are hereby authorized to determine all the terms and conditions for the purpose of giving effect to any offer, issue or allotment of equity shares, as described above, under ESOS 2013, and further do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s) including to amend or modify any of the terms of such issue(s) or allotment(s).

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers to any Sub Committee consisting of one or more Officers/Directors of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the shares allotted under ESOS 2013 on one or more recognized Stock Exchanges, in India or abroad, where the Company's shares are listed, as per the terms and conditions of the Listing Agreement with the Stock Exchanges concerned, and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing.

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT the benefits of the Employee Stock Option Scheme, 2013, as contained in resolution No. 6 of this Notice, be extended to the employees of the subsidiaries/holding company of the Company on the terms and conditions as may be determined by the Board in accordance with Resolution No.6."

By Order of the Board
For RAMCO SYSTEMS LIMITED

Place: Chennai
Date : 30th May, 2013

P R RAMASUBRAHMANEYA RAJHA
CHAIRMAN

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 a member of the Company. The instrument appointing a Proxy must be received at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. Additional information in respect of the Directors seeking re-election as required to be disclosed under the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.
3. Members are requested to intimate any change in address or bank mandates to their Depository Participant with whom they are maintaining their demat accounts for shares held in electronic mode or to the Registrar and Share Transfer Agents of the Company, if the shares are held in physical form.

4. The Register of Members of the Company would remain closed on Monday, the 29th July, 2013, for the purpose of compliance with Clause 16 of the Listing Agreement.
5. Members /Proxies should bring the Attendance slip sent herewith, duly filled in, for attending the meeting. The Corporate Members are requested to bring a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting of the Company.

ANNEXURE TO THE NOTICE

A. ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:

As per the provisions of Section 256 of the Companies Act, 1956, Shri N K Shrikantan Raja and Shri A V Dharmakrishnan, Directors, are retiring by rotation and are seeking re-election at the ensuing Annual General Meeting.

In terms of the requirement of provisions of Clause 49 of the Listing Agreement, the following information is provided in respect of the above Directors retiring by rotation:

Shri N K Shrikantan Raja

Shri N K Shrikantan Raja, aged 64 years, holds a degree in Commerce from the University of Madras in 1971. He is the member of Shareholders Committee and the Remuneration Committee of the Board of Directors of the Company. He is a director of the Company since incorporation.

He is a Director on the Board of the following other Companies:

Sl.No	Name of the Company	Designation
1	The Ramaraju Surgical Cotton Mills Limited	Director
2	Sri Yannarkay Servicers Limited	Director
3	Ramco Industries Limited	Director
4	Sandhya Spinning Mill Limited	Director
5	Sudarsanam Investments Limited	Director
6	Sri Vishnu Shankar Mill Limited	Director
7	N.R.K Construction Systems Private Limited	Director
8	N.R.K Infra System Private Limited	Director
9	Sri Harini Textiles Limited	Director

Shri N K Shrikantan Raja holds 6,702 equity shares of Rs.10 each in the Company.

Shri A V Dharmakrishnan

Shri A V Dharmakrishnan aged 56 years, is a member of Institute of Chartered Accountants of India. He is currently the Chief Executive Officer of M/s. Madras Cements Limited and has been associated with the Ramco Group for 31 years since May 1982.

He is a Director on the Board of the following other Companies:

Sl.No	Name of the Company	Designation
1	Rajapalayam Mills limited	Director
2	Ontime Industrial Services Limited	Director

Shri A V Dharmakrishnan holds 2,484 equity shares in the Company.

Interest of Directors

Shri N K Shrikantan Raja and Shri A V Dharmakrishnan may be deemed to be concerned or interested in their re-appointment. No other Directors are concerned or interested in their re-appointment.

B. EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No.5

Section 293(1) (d) of the Companies Act, 1956 provides that the Company cannot borrow money where the monies so borrowed together with monies already borrowed exceed the aggregate of the paid-up capital of the Company and its free reserves without the sanction of a General Meeting. By a resolution passed at the Extra-ordinary General Meeting of the shareholders of this Company held on 18th February, 2000, the Directors were authorized to borrow money upto a limit of Rupees 250 Crores over and above the paid-up capital and free reserves, i.e. reserves not set apart any specific purposes. Since then the Company has set up new subsidiaries, expanded its offerings and invested in Research & Development activities aimed at taking the products to the Global market. In order to compete and build market leadership, the Company is planning to focus on offerings that show tremendous growth potential. The Company is consolidating and synergizing the internal assets to build futuristic solutions in its products to compete with global majors in the International market.

The Company has also embarked on taking the products to the new-age Gen-Y customers of tomorrow, driven around the product philosophy of MUSIC (an acronym for Mobility, User Interface, Social, In-Memory and Context Aware). This new focus and change would positively help the Company and its customers to embrace future trends ahead of competition and benefit immensely.

Further, in order to promote brand visibility marketing spend has to be increased.

All these initiatives require sizeable investment. To meet the funds requirement the Company may have to consider the option of borrowing funds on temporary basis exceeding the existing limit of Rs. 250 Crores over and above the paid up capital and free reserves. As such the Directors of the Company commend for your approval the resolution mentioned in this item.

None of the Directors of the Company is concerned or interested in this resolution.

Item No.6 & 7

(A) Present Stock Option Schemes

The shareholders have, in their General Meetings, vide special resolutions, approved formulation of Equity Stock Option Schemes from time to time, for the benefit of employees and Non promoter Directors of the Company and of the subsidiary Companies and further approved necessary authorizations thereof, as per the details given below:

General Meetings	Name of the Stock Option Plan	Maximum Number of Equity Share Options
28 th Aug, 2000	ESOP 2000	1,60,000
9 th Apr, 2003	ESOS 2003	5,00,000
24 th Dec, 2004	ESOS 2004	12,00,000
18 th September, 2008	ESOS 2008	12,00,000
5 th August, 2009	ESOS 2009 Plan A	5,00,000
5 th August, 2009	ESOS 2009 Plan B	7,50,000
Total		43,10,000

Apart from the above, the members had also approved the grant of 1,00,000 shares under Employee Stock Purchase Scheme (ESPS 2004).

In terms of the above approvals obtained in accordance with the provisions of the Companies Act, 1956 and the Securities Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as SEBI Guidelines), the Company had in consultation with the Merchant Bankers, viz, Indbank Merchant Banking Services Limited, formulated the detailed schemes for ESOP 2000, ESOS 2003, ESOS 2004, ESOS 2008, ESOS 2009 Plan-A and ESOS 2009 Plan-B and the Compensation Committee of the Board of Directors of the Company have been granting options under the subject schemes from time to time. The details of each of the above mentioned schemes are being disclosed every year in the Corporate Governance section of the Annual Report of the Company.

(B) Proposed Employee Stock Option Scheme, 2013 (ESOS 2013)

In order to cover the further categories of employees and to grant additional stock options to eligible existing employees and further in order to incentivize and retain the right talent under the current market conditions, it is proposed to formulate a fresh stock option scheme with varied conditions of vesting and exercise which are beneficial to the employees. Accordingly, the Company plans to formulate "Employee Stock Option Scheme 2013" (ESOS 2013) with the aggregate shares underlying the stock option scheme as 10,00,000 equity shares of Rs.10/- each.

The schemes shall be formulated in accordance with the guidelines laid down under the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, with subsequent amendments thereto and such other laws, as may be applicable in this regard. The information as required under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with subsequent amendments thereto, explaining the salient features of the schemes are given below:

i) Total Number of options to be granted

The total number of options to be granted under the scheme which are convertible into equity shares, shall not exceed 10,00,000 equity shares of Rs.10/- each (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organization of the capital structure of the Company, as may be applicable from time to time).

ii) Identification of classes of employees entitled to participate in the ESOS 2013

The Scheme shall extend to all the permanent employees on the rolls of the Company and its subsidiaries (present and future) as may be determined by the Board/Compensation Committee (CC). The scheme shall also extend to new recruits of the Company and its subsidiaries as may be determined by Board/CC from time to time.

The Scheme shall not extend to any Promoter or those belonging to the Promoter Group or to any director who either by himself or through his relatives(s) or through any Body Corporate, directly or indirectly hold more than 10% of the outstanding equity shares.

iii) Requirements of vesting and period of vesting

The continuation of employee in the services of the Company shall be a primary requirement of vesting. The Board/CC shall formulate other requirements of vesting which may inter-alia include efficiency or productivity criteria. The grant of stock options shall be made as per ESOS 2013 as framed by the Board/CC. The minimum vesting period of an option under the Scheme shall not be less than a period of 12 months from the date of grant(s) of options and maximum vesting period shall not exceed ten (10) years from the date of grant or such period as may be determined by the Board/CC. The share option may vest in tranches, subject to the terms and conditions as may be stipulated by the Board/CC.

iv) Exercise price or pricing formula

As per SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the Companies granting option to its employees pursuant to ESOS will have the freedom to determine the exercise price subject to confirmation to the accounting policies specified in clause 13.1 of the aforesaid guidelines, which specifies that any option discount to the market price should be accounted for as deferred employee compensation cost and amortized over the

vesting period (Option discount means the excess of the market price of the share as on the date of grant of the option under ESOS over the exercise price of the option).

Subject to the above Clause, the Company has freedom to price the options. The exercise price in respect of each tranche of the options shall not be less than the face value of the equity shares (which shall be calculated in accordance with the applicable law and if applicable, adjusted from time to time for any bonus, stock splits or consolidations or other re-organization of the capital structure of the Company) on the date of grant of option. The Board/CC would fix the exercise price in accordance with the provisions of the SEBI (Employees Stock option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, for the options to be granted pursuant to this scheme from time to time.

v) Exercise period and procedure for exercise

The options granted under ESOS 2013 shall be exercisable at such times and under such conditions as may be determined by the Compensation Committee from time to time. The options shall become exercisable in part or whole, but within the overall exercise period permitted under the Scheme.

vi) The appraisal process for determining the eligibility of employees to the ESOS 2013

The eligible employees from each of the categories will be determined by the Board/CC. The Board or the Committee as the case may be, may prescribe different sets of criteria for each of the tranche of options/categories of the eligible employees with respect to the tranches, performance benchmark to be achieved, tenure of service etc., in respect of the Scheme.

vii) Maximum number of options to be issued per employees and in aggregate

The maximum number of options granted to any one employee in a year will not be equal to or exceed 1% of the issued equity share capital of the Company (excluding outstanding warrants and conversions) at the time of granting the Option. However approval of the shareholders by way of separate resolution would be sought, in case the Company proposes to grant options to the identified employee(s) exceeding one percent of the issued share capital of the Company.

viii) Accounting Policies

The Company shall comply with the accounting policies specified in Schedule I referred to in Clause 13.1 of the SEBI guidelines, in respect of the Shares issued under ESOS 2013.

ix) Method of Valuation

The Company shall use one of the applicable methods (intrinsic value or fair value) to value its options. In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, 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, shall be disclosed in the Directors' Report and the impact of this difference on profits and on Earnings Per Share (EPS) of the Company shall also be disclosed in the Directors Report.

INTEREST OF DIRECTORS

None of the directors are concerned or interested in the resolutions.

By Order of the Board
For RAMCO SYSTEMS LIMITED

Place: Chennai
Date : 30th May, 2013

P R RAMASUBRAHMANEYA RAJHA
CHAIRMAN