

**KINGFA | Hydro S & S**  
**HYDRO S & S INDUSTRIES LIMITED**  
**(A Kingfa Group Company)**

CIN : L25209TN1983PLC010438

Registered Office : Dhun Building, III Floor, 827, Anna Salai, Chennai – 600 002.

Phone : 044 - 28521736 Fax : 044 - 28520420 E-mail : info@hssil.com Website : www.hssil.com

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**Notice of the Annual General Meeting**

**NOTICE** is hereby given that the 31<sup>st</sup> Annual General Meeting (AGM) of the Company will be held on Monday, the 28<sup>th</sup> September, 2015 at 10.15 a.m. at Raj Park Chennai, “Summit Hall”, 180, T. T. K. Road, Alwarpet, Chennai - 600 018 to transact the following Business:

**ORDINARY BUSINESS**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
- 2) To appoint a Director in the place of Mr. Wu Xiaohui (holding DIN 06617977), who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To ratify the appointment of auditors of the Company, and to fix their remuneration and to pass the following resolution as an ordinary resolution thereof:

“**RESOLVED that**, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, pursuant to the recommendations of the audit committee of the Board of Directors, and pursuant to the resolution passed by the members at the AGM held on July 25, 2014, the appointment of M/s. P. Srinivasan & Co., Chartered Accountants (Firm Registration No.004054S) as the auditors of the Company to hold office till the conclusion of the AGM to be held in the calendar year 2017 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2016 as may be determined by the audit committee in consultation with the auditors.

**SPECIAL BUSINESS**

- 4) To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:  
“**RESOLVED that**, pursuant to Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Ms.Kamana Srikanth (holding DIN 02133068), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 13<sup>th</sup> February, 2015 and who holds office till the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Ms.Kamana Srikanth as a candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director of the Company for a period up to 12<sup>th</sup> February, 2020, not liable to retire by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to the approval of the Central Government and such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Bo Jingen (holding DIN 06617986) as Managing Director of the Company, liable to retire by rotation, for a period of 3 years w.e.f. February 27, 2014 with such remuneration as set out in the Explanatory Statement provided that the total remuneration (including all perquisites) shall not exceed the ceiling limit as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act.

**RESOLVED FURTHER THAT** in the event the Company making adequate profits, the Board of Directors / Nomination and Remuneration Committee constituted by the Board, be and hereby authorized to revise, amend, alter and vary the terms of the remuneration and/or perquisites payable to Mr. Bo Jingen, at its absolute discretion, subject to the guidelines or ceilings wherever applicable, within the applicable provisions of the Companies Act, 2013 and the amount of remuneration shall not exceed the limits specified in such section.

**RESOLVED FURTHER THAT** in case the Company has no profits or its profits are inadequate in any financial year during the tenure of re-appointment of Mr. Bo Jingen, it may pay a remuneration to Mr. Bo Jingen, which shall not exceed the ceiling as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act.”

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary be and are hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and do all statutory filings, as mandated, as per the provisions of Companies Act, 2013.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to the approval of the Central Government and such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Wu Xiaohui (holding DIN 06617977) as Whole-time Director of the Company, liable to retire by rotation, for a period of 3 years w.e.f. February 27, 2014 with such remuneration as set out in the Explanatory Statement provided that the total remuneration (including all perquisites) shall not exceed the ceiling limit as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act.

**RESOLVED FURTHER THAT** in the event the Company making adequate profits, the Board of Directors/ Nomination and Remuneration Committee constituted by the Board, be and hereby authorized to revise, amend, alter and vary the terms of the remuneration and/or perquisites payable to Mr. Wu Xiaohui, at its absolute discretion, subject to the guidelines or ceilings wherever applicable, within the applicable provisions of the Companies Act, 2013 and the amount of remuneration shall not exceed the limits specified in such section.

**RESOLVED FURTHER THAT** in case the Company has no profits or its profits are inadequate in any financial year during the tenure of re-appointment of Mr. Wu Xiaohui, it may pay a remuneration to Mr. Wu Xiaohui, which shall not exceed the ceiling as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act.

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary be and are hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and do all statutory filings, as mandated, as per the provisions of Companies Act, 2013.”

7) 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 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr.K.Suryanarayanan, Cost Accountant (Registration No. 102347), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company, be paid a remuneration, for the Financial Year ending March 31, 2016, amounting to ₹ 1,00,000/- plus service tax as applicable and re-imbursalment of out of pocket expenses incurred by them in connection with the aforesaid audit.”

**By Order of the Board,  
for Hydro S & S Industries Limited**

Place : Chennai

Date : 10<sup>th</sup> August, 2015

**S.K. SUBRAMANYAN  
Company Secretary**

### **NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. Instrument of Proxies, in order to be effective, must be received at the Company's Registered office not later than 48 (forty eight) hours before the time fixed for holding the Annual General Meeting. A Proxy form is sent herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22<sup>nd</sup> September, 2015 to Monday, 28<sup>th</sup> September, 2015 (both days inclusive).
4. Members holding Equity Shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited, 2nd Floor, Kences Towers, No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017. Members holding Equity Shares in dematerialized form must intimate the change in address to their respective Depository Participants.
5. Shareholders / Proxy holders are requested to bring their copy of the annual report with them at the meeting and to produce at the entrance, the attached attendance slip duly completed and signed for the admission to the meeting hall.
6. Members desirous of getting any information about the accounts and operation of the company are requested to address their query to the company at the registered office of the company well in advance so that the same may reach at least seven days before the date of meeting to enable the management to keep the required information readily available at the meeting.

7. Profile of Directors being appointed / reappointed as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

<b>Particulars</b>	<b>Item No.2 &amp; 6</b>	<b>Item No.4</b>	<b>Item No.5</b>
Name of the Director	Mr. Wu Xiaohui	Ms.Kamana Srikanth	Mr. Bo Jingen
Date of Birth	09/04/1979	15/09/1982	07/03/1982
Date of first appointment	03.07.2013	13.02.2015	03.07.2013
Qualifications	Master's degree in Polymer Science	LLB degree from ILS Law College, Pune.	Master's degree in Polymer Science
Experience in specific functional area	Technical Support	Handling different aspects of the law.	Marketing and Sales
Directorships held in other Public Companies	—	Chendur Forgings Limited	—
Committee Chairmanship/ Membership held in other Companies	—	—	—
Number of shares held in the Company as on 31 <sup>st</sup> March 2015	NIL	NIL	NIL

8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the Meeting, is annexed hereto.

**9. Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 31<sup>st</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 25<sup>th</sup> September, 2015 (9:00 am) and ends on 27<sup>th</sup> September, 2015 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21<sup>st</sup> September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

- V. The process and manner for remote e-voting are as under:
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)]:
- (i) Open email and open PDF file viz; "Hydro S & S remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com>
  - (iii) Click on Shareholder – Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "REVEN" of Hydro S & S Industries Limited.
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [pssrinivasan1939@gmail.com](mailto:pssrinivasan1939@gmail.com) or [evoting@hssil.com](mailto:evoting@hssil.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :  

REVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
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  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21<sup>st</sup> September, 2015.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 21<sup>st</sup> September, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [yuvraj@integratedindia.in](mailto:yuvraj@integratedindia.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mr.P.S.Srinivasan, Practising Company Secretary (C.P. No.3122) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.hssil.com](http://www.hssil.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
10. The documents referred to in this notice and explanatory statement are available for inspection during business hours on all working days (except Saturdays, Sundays and holidays) at the Registered Office of the Company up to and including the date of the Annual General Meeting.
11. This Notice has been updated with the instructions for voting through electronic means as per the Amended Rules 2015.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS  
PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4**

Ms. Kamana Srikanth was appointed as an Additional Director by the Board with effect from 13<sup>th</sup> February, 2015 and holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a Member of the Company alongwith requisite deposit proposing her candidature for the office of Director of the Company. The Company has received from Ms. Kamana Srikanth consent in writing to act as director, intimation to the effect that she is not disqualified and declaration to the effect that she meets the criteria of independence.

Ms. Kamana Srikanth is a lawyer by profession, having passed out from ILS Law College, Pune and has been involved in wide variety of projects, handling different aspects of the law and have focused primarily on the area of Indirect Tax litigation specifically Central Excise and Service Tax. She has also handled matters relating to Company Law and briefs with Senior Advocates.

Ms. Kamana Srikanth is also the Member of the Audit Committee and Member of the Nomination and Remuneration Committee of the Board of the Company.

The resolution seeks the approval of members for the appointment of Ms. Kamana Srikanth as an Independent Director of the Company up to 12<sup>th</sup> February, 2020 and is not liable to retire by rotation.

In the opinion of the Board of Directors, Ms. Kamana Srikanth, the Independent Director proposed to be appointed, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and she is independent of the Management.

Except Ms. Kamana Srikanth, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

The Board considers that the appointment of Ms. Kamana Srikanth would be of immense benefit to the Company. Accordingly, the Board recommends the resolution for the approval of the members.

**Item No. 5**

Mr.Bo Jingen was re-appointed as Managing Director of the Company by the Board for a period of three years with effect from February 27, 2014 subject to the consent of the Members of the Company and the Central Government.

Mr.Bo Jingen is also the Member of the Stakeholder Relationship Committee of the Board of the Company.

In view of the current business situation globally and more particularly the industry segment in which the Company operates, it is felt that there is a likelihood of a situation of inadequacy of profits for payment of Managerial remuneration as specified in Schedule V of the Companies Act, 2013. However, the remuneration payable to Mr. Bo Jingen, Managing Director shall not exceed the limit as provided under Schedule V, Part II of the Companies Act, 2013 and his re-appointment is being moved as Special Resolution.

The following additional information as required by Section II of Part II of Schedule V to the Companies Act, 2013 is given below:

**I. General Information:**

**1. Nature of Industry.**

The Company is engaged in the business of manufacture of Modified Thermoplastics.

**2. Date or expected date of commencement of Commercial production.**

Not applicable as the Company is an existing Company.

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

Not applicable as the Company is an existing Company.

**4. Financial Performance based on given indicators.**

(₹ in Lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2015
Sales	17,634.38	19,933.00	24,680.58
PBDIT	268.64	(306.51)	658.16
PBIT	(13.21)	(572.24)	343.98
Loss after Tax	(504.83)	(847.72)	(304.21)

**5. Export Performance.**

The Company is taking continuous steps to develop export markets as appropriate to the nature of its products.

**6. Foreign investments or collaborations, if any.**

Technology transfer and Investments are envisaged from M/s. Kingfa Sci. & Tech. Co. Ltd., Guangzhou, China.

**II. Information about the appointee:**

S.No.	Description	Particulars
1.	Background details	Mr. Bo Jingen, aged 33 years, is the Managing Director of our Company. He holds Master's Degree in Polymer Science. He has been working for M/s. Kingfa Sci. & Tech. Co., Ltd., in Marketing and Sales for 7 years and he was nominated by the Promoter of our Company as Managing Director who is presently in charge of overall operations of our Company.
2.	Past Remuneration for the Financial year 20014 – 15.	Nil
3.	Recognition or awards / job profile and suitability.	He has been working for M/s. Kingfa Sci. & Tech. Co., Ltd., and was awarded as the Excellent Member for the Sales and Marketing for the years 2011 & 2012.
4.	Remuneration Proposed	It shall not exceed ₹ 25 lacs per annum.
5.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	The remuneration proposed to be paid is consistent with the responsibility of the position and is comparable with the remuneration in similar industries in the same segment of business.
6.	Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any.	He has been nominated by M/s. Kingfa Sci. & Tech. Co. Ltd., China, the Promoters of the Company and is not related to any other Directors of the Company.

### III. Other Information:

(1) Reasons of loss or inadequate profits.

The substantial increase in the input Raw Material, steep depreciation of the value of the Indian Rupee thereby increasing input cost and inability to pass on the full impact to the Customer.

(2) Steps taken or proposed to be taken for improvement.

i) Broad based product offering.

ii) More focus on non auto business.

iii) Enhancing geographical customer base.

iv) Introducing various cost control measures including implementation of Energy Conservation, Optimization of formulation, reduction in interest costs through efficient funds management and seeking appropriate price revision from Customers.

(3) Expected increase in productivity and profits in measurable terms.

The Company is seeking revision in the terms of reference with major OEMs to rework pricing on a quarterly basis from the current half yearly / annual basis which will benefit the Company by way of faster passing on the cost increases.

The Company which is expanding its business horizon is now poised to take advantage of several new opportunities. It also faces several challenges which are to be addressed from time to time with regard to costs etc. The Company is confident of successfully addressing these issues in the long term interest of all stakeholders.

### IV. Disclosures:

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said Resolution except Mr.Bo Jingen.

The information contained in the foregoing paragraphs may also be treated as a notice to be issued to the members of the Company under the applicable provisions of the Companies Act, 2013.

Your Directors accordingly recommend the resolution proposing his re-appointment for the approval of the members of the Company.

### Item No.6

Mr. Wu Xiaohui was re-appointed as Whole-time Director of the Company by the Board for a period of three years with effect from February 27, 2014 subject to the consent of the Members of the Company and the Central Government.

In view of the current business situation globally and more particularly the industry segment in which the Company operates, it is felt that there is a likelihood of a situation of inadequacy of profits for payment of Managerial remuneration as specified in Schedule V of the Companies Act, 2013. However, the remuneration payable to Mr. Wu Xiaohui, Whole-time Director shall not exceed the limit as provided under Schedule V, Part II of the Companies Act, 2013 and his re-appointment is being moved as Special Resolution.

The following additional information as required by Section II of Part II of Schedule V to the Companies Act, 2013 is given below:

#### I. General Information:

1. Nature of Industry.

The Company is engaged in the business of manufacture of Modified Thermoplastics.

2. Date or expected date of commencement of Commercial production.

Not applicable as the Company is an existing Company.

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

Not applicable as the Company is an existing Company.

**4. Financial Performance based on given indicators.**

(₹ in Lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2015
Sales	17,634.38	19,933.00	24,680.58
PBDIT	268.64	(306.51)	658.16
PBIT	(13.21)	(572.24)	343.98
Loss after Tax	(504.83)	(847.72)	(304.21)

**5. Export Performance.**

The Company is taking continuous steps to develop export markets as appropriate to the nature of its products.

**6. Foreign investments or collaborations, if any.**

Technology transfer and Investments are envisaged from M/s. Kingfa Sci. & Tech. Co. Ltd., Guangzhou, China.

**II. Information about the appointee:**

S.No.	Description	Particulars
1.	Background details	Mr. Wu Xiaohui, aged 36 years, is the Whole-time Director of our Company. He holds Master's Degree in Polymer Science. He has been working as Technical Engineer and became the Technical Manager of our promoter company's Shanghai factory for 10 years as an automotive specialist. He was nominated by the promoter of our company as Whole-time Director who is presently in-charge of product development and sourcing for our Company.
2.	Past Remuneration for the Financial year 20014 – 15.	Nil
3.	Recognition or awards / job profile and suitability.	Being a Polymer Science graduate and having worked as Technical Manager is aptly suited for the role of technical support.
4.	Remuneration Proposed	It shall not exceed ₹ 20 lacs per annum.
5.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	The remuneration proposed to be paid is consistent with the responsibility of the position and is comparable with the remuneration in similar industries in the same segment of business.
6.	Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any.	He has been nominated by M/s. Kingfa Sci. & Tech. Co. Ltd., China, the Promoters of the Company and is not related to any other Directors of the Company.

### III. Other Information:

- (1) Reasons of loss or inadequate profits.

The substantial increase in the input Raw Material, steep depreciation of the value of the Indian Rupee thereby increasing input cost and inability to pass on the full impact to the Customer.

- (2) Steps taken or proposed to be taken for improvement.

- i) Continuous rework of formulation's that effectively brings down the cost is a ongoing exercise.
- ii) Further substituting the ingredient RM with different alternative that provide value is also looked.
- iii) Transfer of technology and support to introduce Engineering Plastic Compounds.

- (3) Expected increase in productivity and profits in measurable terms.

The Company is seeking revision in the terms of reference with major OEMs to rework pricing on a quarterly basis from the current half yearly / annual basis which will benefit the Company by way of faster passing on the cost increases.

The Company which is expanding its business horizon is now poised to take advantage of several new opportunities. It also faces several challenges which are to be addressed from time to time with regard to costs etc. The Company is confident of successfully addressing these issues in the long term interest of all stakeholders.

### IV. Disclosures:

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said Resolution except Mr. Wu Xiaohui.

The information contained in the foregoing paragraphs may also be treated as a notice to be issued to the members of the Company under the applicable provisions of the Companies Act, 2013.

Your Directors accordingly recommend the resolution proposing his re-appointment for the approval of the members of the Company.

#### Item No. 7

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of Mr.K.Suryanarayanan, Cost Accountant, to conduct the audit of the Cost records of the Company for the Financial Year ending March 31, 2016.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2016, as set out in the Resolution for the aforesaid services to be rendered by them.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors recommend the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the Members.

**By Order of the Board,  
for Hydro S & S Industries Limited**

Place : Chennai  
Date : 10<sup>th</sup> August, 2015

**S.K. SUBRAMANYAN  
Company Secretary**

### **IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to give their consent by providing their e - mail Id to the Company's Registrar and Share Transfer Agent, M/s. Integrated Enterprises (India) Limited, to their e-mail ID i.e., [yuvraj@integratedindia.in](mailto:yuvraj@integratedindia.in).