

Hydro S & S

HYDRO S & S INDUSTRIES LIMITED

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

Notice of the Annual General Meeting

NOTICE is hereby given that the Twenty Eight Annual General Meeting of the Company will be held on Monday, the 17th September, 2012 at 3.00 p.m. at The Music Academy, Kasturi Srinivasan Hall (Mini Hall), New No.168, T.T.K. Road, Royapettah, Chennai – 600 014 to transact the following Business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss for the year ended 31st March, 2012 and the Auditors' Report thereon.
- 2) To appoint a Director in the place of Mr.Dinshaw K.Parakh, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in the place of Mr.Narayan Sethuramon, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and fix their remuneration.

[The retiring Auditors, M/s. P. Srinivasan & Co., Chartered Accountants, Chennai, are eligible for re-appointment and have indicated their willingness].

SPECIAL BUSINESS

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

"**RESOLVED THAT** approval be and is hereby granted under Section 309, 310 and other applicable provisions, if any of the Companies Act, 1956 towards payment of Commission to Mr.Murali Venkatraman, Vice Chairman at the rate not exceeding 1% of the net profits of the Company per annum as computed under Section 198 of the Companies Act, 1956, in addition to the sitting fees payable for attending the Meetings of the Board and its Committees thereof, for a period of five years with effect from the financial year 2012 - 2013 to 2016 – 2017, in such manner and proportion as may be decided by the Board from time to time."

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

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any re-enactment thereof, consent of the Company be and is hereby accorded for the re-appointment of Mr.S.K.Subramanyan as Whole Time Director [Director (Finance & Administration) & Company Secretary] w.e.f. 1st October, 2012 for a period of three years with such remuneration as set out in the Explanatory Statement annexed hereto provided that the total remuneration (including all perquisites) shall fall within the overall ceiling of 5% of the net profits of the Company calculated in the manner specified in the Act, provided further that in the event where in any financial year during the currency of tenure of reappointment of Mr.S.K.Subramanyan, the Company has no profits or its profits are inadequate, it may pay a remuneration to Mr.S.K.Subramanyan, the total of which shall not exceed the ceiling limit as provided in Part II of Section II (B) of Schedule XIII of the Companies Act, 1956 or such amounts as may be specified by any amendment to the Act."

“**RESOLVED FURTHER THAT** the Remuneration Committee constituted by the Board be and is hereby authorised to fix and vary the terms of the remuneration and/or perquisites payable to Mr.S.K.Subramanyan, if in its absolute discretion think fit, subject to the guidelines or ceilings wherever applicable, within the applicable provisions of the Companies Act, 1956.”

“**RESOLVED FURTHER THAT** Mr. S.K. Subramanyan shall not be liable to retire by rotation during his tenure of appointment as Whole Time Director of the Company.”

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

Place : Chennai
Date : 4th June, 2012

**S.K. SUBRAMANYAN
Director (Fin. & Admn.) & Co. Secy.**

NOTES:

- a) The Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE AFORESAID MEETING.
- c) (i) Non-Resident Indian shareholders are requested to inform the Company immediately.
 - (a) Change in residential status on return to India.
 - (b) Particulars of the Bank Account maintained in India.(ii) Members are requested to intimate, indicating their folio number, the changes, if any, in their registered addresses, either to the Company’s Registrar and Share Transfer Agent or to their respective Depository Participant in case the shares are held in dematerialised form.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from 12th September, 2012 to 17th September, 2012 (both days inclusive).
- e) Members are requested to send all requests for transfer of shares, dematerialisation of shares etc., quoting their Folio No. / Client ID No. to the Company’s Registrar and Share Transfer Agent at the following address :

M/s. Integrated Enterprises (India) Limited

2nd Floor, Kences Towers,
No.1, Ramakrishna Street, North Usman Road,
T. Nagar, Chennai - 600 017.
Phone Nos. : 91-44-28140801 – 03; Fax No. : 91-44-28142479
E-mail : corpseiv@integratedindia.in

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Place : Chennai
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**S.K. SUBRAMANYAN
Director (Fin. & Admn.) & Co. Secy.**

EXPLANATORY STATEMENT**(Pursuant to Section 173(2) of the Companies Act, 1956)****Item No. 5****Commission to Mr. Murali Venkatraman, Vice Chairman**

Mr.Murali Venkatraman continues to serve the Company as a Non-Executive Director and Vice Chairman. At the Annual General Meeting of the Company held on 13th September, 2007, the Company had obtained the approval of the members for payment of Commission to Mr. Murali Venkatraman @ 1% per annum (in accordance with the Companies Act, 1956) for a period of five years with effect from the Financial year 2007 – 2008 to 2011 – 2012.

The Company has been greatly benefited by his strategic direction and vision in all spheres of management. Therefore, your Directors accordingly recommend the resolution proposing the payment of Commission to Mr.Murali Venkatraman @ 1% per annum (in accordance with the Companies Act, 1956) for a further period of five years with effect from the Financial year 2012 – 2013 to 2016 – 2017 for the approval of the members of the Company.

Mr.Murali Venkatraman is directly deemed to be concerned / interested in the subject. Mr.V.Srinivasan and Mr. Narayan Sethuramon, Directors being related to Mr.Murali Venkatraman are also deemed to be interested in the subject.

No other Directors are concerned or interested in the subject.

Item No. 6**Re-appointment of Mr. S.K.Subramanyan**

Mr. S.K. Subramanyan was re-appointed as Whole Time Director [Director (Finance & Administration) & Company Secretary w.e.f. 1st October, 2009 and the consent of the members was obtained at the Annual General Meeting held on 14th September, 2009. Since his term of office expires on 30th September, 2012, the Board of Directors have at its meeting held on 4th June, 2012, reappointed him as the Whole Time Director [Director (Finance & Administration) & Company Secretary] of the Company for a further period of three years with effect from 1st October, 2012 subject to the consent of the members 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 likelihood of a situation of inadequacy of profits for payment of Managerial remuneration as specified in Schedule XIII of the Companies Act, 1956. However, the remuneration payable to Mr.S.K.Subramanyan, Whole Time Director [Director (Finance & Administration) & Company Secretary] shall not exceed the limit as provided under Part II of Section II (B) of Schedule XIII of the Companies Act, 1956 and for this purpose his reappointment is being moved as a Special Resolution.

The necessary details required to be disclosed under clause (iv) of proviso to paragraph 1 (B) of section II of part II of Schedule XIII of the Companies Act, 1956 are furnished hereunder:

I. General Information:**1. Nature of Industry.**

The Company is engaged in the business of manufacture of Reinforced Thermoplastic Compounds.

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 31.03.2010 | Year ended 31.03.2011 | Year ended 31.03.2012 |
|---------------------------|-----------------------|-----------------------|-----------------------|
| Sales | 11,851.59 | 15,468.06 | 16,539.48 |
| PBDIT | 711.42 | 864.98 | 910.04 |
| PBIT | 453.74 | 595.89 | 642.10 |
| Profit / (Loss) after Tax | (1.52) | 104.80 | 2.49 |

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.

Not Applicable.

II. Information about the appointee:

| S.No. | Description | Particulars |
|-------|---|--|
| 1. | Background details | Aged 54 years, is a Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India with over 28 years of experience in varied areas of Finance, Accounts, I.T., Secretarial, Legal and Administration operations. |
| 2. | Past Remuneration for the Financial year 2011- 12. | ₹ 22.83 lacs per annum. |
| 3. | Recognition or awards / job profile and suitability. | He is responsible for the Finance, Secretarial and Administrative functions of the Company. |
| 4. | Remuneration Proposed | It shall not exceed ₹ 30 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 is not related to the promoters or to any of the other Directors of the Company and has no other pecuniary relationship directly or indirectly with the Company. |

III. Other Information:

1) Reasons of loss or inadequate profits.

The substantial increase in the input Raw Material cost in the last quarter, 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.

(a) Enhancing geographical customer base.

(b) 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 is concerned or interested in this resolution except Mr.S.K.Subramanyan.

The information contained in the foregoing paragraphs may also be treated as a notice to be issued to the members of the Company under Section 302 of the Companies Act, 1956.

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

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

Place : Chennai
Date : 4th June, 2012

**S.K. SUBRAMANYAN
Director (Fin. & Admn.) & Co. Secy.**