

Notice of the Annual General Meeting

NOTICE is hereby given that the 30th Annual General Meeting (AGM) of the Company will be held on Friday, the 25th July, 2014 at 10.15 a.m. at Narada Gana Sabha, "Mini Hall", No.314 (Old No.254), T. T. K. Road, Chennai - 600 018 to transact the following Business:

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Directors' Report, the Audited Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss for the year ended 31st March, 2014 and the Auditors' Report thereon.
- 2) To appoint a Director in the place of Mr. Bo Jingen (holding DIN 06617986), who opts to retire pursuant to Companies Act, 2013 and being eligible, offers himself for re-appointment.
- 3) To re-appoint Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the third consecutive AGM and to fix their remuneration and to pass the following resolution thereof.

"RESOLVED that, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. P. Srinivasan & Co., Chartered Accountants (Firm Registration No.004054S), be and are hereby re-appointed as the auditors of the Company, to hold office from the conclusion of this AGM to the conclusion of the third consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration 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 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. N.Subramanian (holding DIN 03602858), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 16th May, 2014 and who holds office until the date of 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 Mr. N.Subramanian as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company up to 15th May, 2019, 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, in supersession of the resolution passed by the Shareholders of the Company through postal ballot and result were declared on 7th December, 2009, pursuant to Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, for the purpose of Company's business, such sum or sums of money, as they in their absolute discretion thinks fit, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company and remaining outstanding shall be in excess of the aggregate of the paid-up share capital and free reserves, but not exceeding ₹ 150,00,00,000/- (Rupees One Hundred and Fifty Crores Only) over and above the paid-up share capital and free reserves for the time being of the Company."

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

"RESOLVED that, the Report of Board of Directors of the Company to the shareholders on erosion of more than fifty percent of the Company's peak net worth during immediately preceding four financial years by its accumulated losses as on 31st March, 2014 and the causes for such erosion, as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, ("SICA") be and is hereby considered and approved.

RESOLVED FURTHER that in accordance with the requirement of Section 23 of the SICA, the Company do report to the Board for Industrial and Financial Reconstruction ("BIFR") of the fact that the accumulated losses of the Company as on 31st March, 2014 have resulted in an erosion of more than fifty percent of its peak net worth during immediately preceding four financial years.

RESOLVED FURTHER that Mr.Bo Jingen, Managing Director be authorised to finalise and send the report to the BIFR and to do all such acts, deeds, matters and things as it may deem necessary, desirable or expedient in relation thereto."

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

"RESOLVED THAT in order to meet the immediate fund requirement of the Company, pursuant to the provisions of Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, (the "Act") (including any statutory amendments thereto or modifications or re-enactments thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/ guidelines/clarifications, if any, prescribed by the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India, Foreign Exchange Management Act, 1999 and the Listing Agreement entered into by the Company with the Stock Exchanges and all other applicable Laws and Regulations and subject to the Company obtaining all approvals, consents, permissions and sanctions as may be required from any and all governmental or Regulatory Authorities and all other Institutions and Bodies including Banks and Financial Institutions, and subject to such conditions and modifications as may be prescribed or imposed whilst granting such approvals, permissions, consents, and sanctions, as are acceptable to the Board of Directors of the Company (the "Board", which term shall be deemed to include any committee of Directors which the Board may have constituted or hereinafter may constitute to exercise its powers including the power conferred by this resolution) and subject to the approval of shareholders in general meeting, the consent of the Company be and is hereby accorded to issue and allot not exceeding 21,35,000 equity shares of the face value of Rs. 10.00 each ("Equity Shares") at a premium of Rs. 41.25 each as calculated on relevant date being 30 days prior to the date of passing of this resolution i.e. 25.06.2014, in accordance with SEBI (ICDR) Regulations, 2009, aggregating to an amount of Rs. 10,94,18,750.00 on preferential basis to HONGKONG VICTORY INVESTMENT CO., LIMITED, RM 2108, 21/F C C WU BLDG, 302 – 308 HENNESSY RD, WANCHAI, HONG KONG on such terms and conditions as may be determined by the Board in accordance with SEBI (ICDR) Regulations, 2009 or other provisions of the law as may be prevailing; however subject to the approval of SEBI as may be required under Clause 40(A)(ii)(g) of the Listing Agreement.

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of Equity Shares on preferential basis and also shall be entitled to vary, modify or alter any of the terms and conditions of such issue, however in compliance with the statutory approvals as may be required.

RESOLVED FURTHER THAT in the Equity Shares to be issued and allotted in terms of this resolution shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the issue of Equity Shares the Board be and is hereby authorized to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient in relation to all matters concerning the proposed issue and allotment of Equity Shares, the rights attached thereto and the listing thereof with the Stock Exchange(s) and to resolve and settle all questions and difficulties and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deems fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that shareholders shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to determine in its absolute and complete discretion how much of the capital raised pursuant to this resolution should be utilized for the different purposes thereof viz., future expansion, repayments, working capital, general corporate purposes.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it to any Committee of Directors, any other Director or officer of the Company to give effect to the aforesaid resolution."

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

Place : Chennai
Date : 27th June, 2014

**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 Friday, 18th July, 2014 to Friday, 25th July, 2014 (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.

Particulars	Item No.2	Item No.4
Name of the Director	Mr. Bo Jingen	Mr. N.Subramanian
Date of appointment	03.07.2013	16.05.2014
Qualifications	Master's degree in Polymer Science	Member of the Institute of the Chartered Accountants of India and Associate Member of the Institute of Company Secretaries of India
Experience in specific functional area	Marketing and Sales	Accounts, Finance, Audit, Taxation and Corporate law matters.
Directorships held in other Public Companies	--	Shasun Pharmaceuticals Limited IEC Fabchem Limited
Committee Chairmanship/ Membership held in other Companies	--	Shasun Pharmaceuticals Limited Audit Committee (Chairman) Investor Grievance Committee (Member)
Number of shares held in the Company as on 31st March 2014	NIL	NIL

8. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, is annexed hereto.

9. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for 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)]:
- Open email and open PDF file viz; " Hydro S & S e-Voting.pdf " with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - Click on Shareholder – Login
 - Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - 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 e-voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of Hydro S & S Industries Limited.
 - (viii) Now you are ready for 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 or evoting@hssil.com with a copy marked to 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 :

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN
(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.		
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. 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).
- V. The e-voting period commences on 19th July, 2014 (9:00 am) and ends on 21st July, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th June, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th June, 2014.
- VII. Mr.P.S.Srinivasan, Practising Company Secretary (C.P. No.3122) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.hssil.com/kyc and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
10. The documents referred to in this notice and explanatory statement are available of 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.

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

Item No.2

Mr.Bo Jingen was appointed as the Managing Director of the Company for a period of three years and was not liable for retirement. However, to comply with the revised Companies Act, 2013, his term of office has now been made as to retire by rotation. The Board has already considered and approved the same. Mr.Bo Jingen will continue to be designated as Managing Director of the Company.

Item No. 4

Mr. N.Subramanian was appointed as an Additional Director by the Board with effect from 16th May, 2014 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 his candidature for the office of Director of the Company.

Mr. N.Subramanian is a Member of the Institute of the Chartered Accountants of India and Associate Member of the Institute of Company Secretaries of India and has rich experience in Accounts, Finance, Audit, Taxation and Corporate law matters. He is practicing as a Chartered Accountant independently and also a senior partner in M/s. Vivekanandan Associates, Chartered Accountants, Chennai, a firm of Chartered Accountants.

The resolution seeks the approval of members for the appointment of Mr. N.Subramanian as an Independent Director of the Company up to 15th May, 2019 and is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. N.Subramanian, the Independent Director proposed to be appointed, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

Except Mr. N.Subramanian, 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 Mr. N.Subramanian would be of immense benefit to the Company. Accordingly, the Board recommends the resolution for the approval of the members.

Item No.5

In terms of the resolution passed by the Shareholders of the Company through postal ballot and result were declared on 7th December, 2009, the Board of Directors of the Company is authorised to borrow upto to a sum of ₹ 50 Crores over and above the paid-up share capital and free reserves of the Company. The existing business operations and future growth plans of the Company necessitate the increase in the borrowing powers of the Board of Directors from the existing limit of ₹ 50 Crores to ₹ 150 Crores over and above the paid-up share capital and free reserves of the Company. Accordingly, the consent of the Shareholders at the General Meeting is sought under Section 180(1)(c) of the Companies Act, 2013.

Your Directors recommend passing the above resolution.

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

Item No.6

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, the said company falls under the category of 'Potentially Sick Industrial Company' and is required to report the fact of such erosion to the Board for Industrial and Financial Restructuring ("BIFR") within 60 days from the date of finalization of the audited accounts, which is the date of the Annual General Meeting in which such accounts are approved by the shareholders.

As per the audited annual accounts of the Company for the financial year ended 31st March, 2014 to be adopted by the Shareholders at their 30th Annual General Meeting to be held on 25th July, 2014, the accumulated losses of the Company as at 31st March, 2014 amounting to ₹ 1,247.75 lacs have resulted in erosion of more than fifty percent of its peak net worth of ₹ 2,471.85 lacs during the four financial years preceding the financial year ended 31st March, 2014 (calculated as per the provisions of SICA).

The facts relating to such erosion and its causes and the revival measures being taken by the Company are explained in the Report of the Board of Directors forming part of this notice.

The Board recommends the resolution as given in the Notice for your approval as a special resolution.

The documents referred to in this notice and explanatory statement are available of 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.

None of the Directors and Key Managerial Personnel and their relatives is any way concerned or interested, financially or otherwise, in the resolution.

REPORT OF BOARD OF DIRECTORS TO THE SHAREHOLDERS OF HYDRO S & S INDUSTRIES LIMITED UNDER SECTION 23(1) (b) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

To the Members of Hydro S & S Industries Limited

In terms of the requirements of Section 23(1) (b) of the Sick Industrial Companies (Special Provisions) Act, 1985, a report of the Board of Directors on erosion of more than 50% of the Company's peak net worth during the immediately preceding four financial years alongwith its causes and revival plan is being submitted herewith to the Members of the Company.

As per the audited financial accounts of the Company for the financial year ended March 31, 2014 to be adopted by the Shareholders at their 30th Annual General Meeting to be held on 25th July, 2014, the accumulated losses as at the end of financial year ended March 31, 2014 stood at ₹ 1,247.75 lacs (corresponding losses were ₹ 847.72 lacs in 2013-14 and ₹ 504.83 lacs in 2012-13) which exceeds 50% of its peak net worth of ₹ 2,471.85 lacs during the four financial years preceding the financial year ended March 31, 2014, calculated as per the provisions of SICA.

Causes for Erosion of the relevant Network :

The Company manufactures and markets Reinforced Polypropylene compounds and Reinforced Thermoplastic Elastomer compounds.

The company's first plant was commissioned at Pudukkottai (Tamil Nadu) in 1987. A second unit was commissioned at Puducherry specifically to cater to the requirements of the plastic furniture segment in 1995. As the passenger car production picked up, the Puducherry Plant started catering to that segment, since the furniture segment became very uneconomical.

In 2006, the company took a decision to put up a greenfield facility near Pune, as Pune was developing into a auto hub. The Company invested about ₹ 15 Crores for this facility and the same was funded thro' term loan of about ₹ 8 Crores. The Pune facility was commissioned in October 2008 and soon thereafter the global financial crisis struck.

Since 2010, Tamilnadu has been witnessing very heavy powercuts. Eventhough the Company had invested in Wind Energy Generators to safeguard the increase in the power costs, these were not available to maintain the production levels.

Hence, as part of the realignment of capacity, a unit was set up at Manesar (Haryana) in 2013 so as to be able to tap the North market, with a second hand machine transferred from Pudukkottai.

Cost increases:

Since the global crisis, prices of all key raw materials like PP, Additives, Pigments, Elastomers have gone up substantially and the trend of price increase was continuous. Although the prices are corrected by the Automotive OEM's the sustained inflation in key raw materials resulted in under recovery over a long period of time. The last 4 years have seen prices going in one direction and so also the exchange rate making it extremely difficult situation.

Added to this the slowdown in Automotive industry pushed back the increase in volumes which would have offset some of the inflation impact.

Change in Shareholding:

The Company has been operating in single product single industry focus. Secondly, the products with evolution moved lower in the value chain and we were constrained in terms of technology and resources to move into higher value added products.

Under the circumstances, the erstwhile Promoter Group entered into a Share Purchase Agreement with M/s. Kingfa Sci. and Tech. Co., Ltd., Guangzhou, China, for transfer of their Shareholding in the Company. Kingfa is a global player in the Modified plastics and has technology needed to support the other products.

Steps taken already and being implemented:

1. The Company has developed a multi prone strategy to bring the Company into pink of health.
2. The Company has been able to access new Customers, through Kingfa's global relationship.
3. The Company has commenced to distribute the products of Kingfa, hitherto unavailable to it.
4. Plans are in place to commence manufacture Engineering Plastics in India.
5. Kingfa has already infused Cash into the Company to help tide over the cash strain faced due to continued losses.
6. Management has decided to cease operations of its Pudukkottai plant, since it was felt that two plants were not needed to support customers in the southern India market.

All the measures above will result in turnaround of the operations arising from optimum utilization of capacity, profitability through reduced overhead costs and is confident of returning to profitability and to take advantage of the opportunities being offered in the Indian environment.

The Board of Directors believes that the Company will be able to recover and recoup the above stated erosion in its net worth and gain newer heights in the years to come.

Item No.7

In terms of Section 201(1) of the Companies Act, 2013, the following Explanatory Statement sets out all the material facts relating to the Special Resolution.

M/s. Kingfa Sci. & Tech. Co., Ltd, Guangzhou, China ("New Promoter") entered into Share Purchase Agreement for acquisition of entire holding of the promoters of the Company (i.e. 66.50% shares of total capital) on 20.05.2013 and as per the provisions of the SEBI(SAST) Regulations, 2011, M/s. Kingfa Sci. & Tech. Co., Ltd, Guangzhou, China came out with Open Offer for acquisition of 26% shares of the Company. Open Offer opened on 22.08.2013 and closed on 04.09.2013 for tendering the shares by the public shareholders. After the close of Open Offer and acquisition of shares tendered by the public shareholders, shareholding of New Promoter stood at 5305032 No. of shares i.e. 82.80% of the voting capital of the Company. As per the para no. 3.1.11 of the Letter of Offer (reproduced below) the New Promoter had undertaken that it will increase the public shareholding of the company to 25%.

"In the event the shareholding of the Acquirer increases beyond the maximum permissible non-public shareholding limit of 75 % as provided under the SCRR, the Acquirer shall increase the level of public shareholding in the Target Company to the minimum level required under clause 40A of the Listing Agreement and Rule 19A of the SCRR within the time limits specified therein and through the permitted routes available under the Listing Agreement including any other such route as may be approved by SEBI from time to time."

Further, due to continuous losses in the operations for the last few years, the net worth of the Company got eroded by 50%. For smooth functioning of the Company and also to improve net worth, immediately more funds are also required. The Chief Financial Officer presented before the Board financial report on the health of the Company, quantum of funds required to meet the up-gradation and working capital requirement for smooth running of the business of the Company. He further informed the Board that the New Promoter has shown its inability to induct more funds at this stage but, the New Promoter has identified a Strategic Investor, HONGKONG VICTORY INVESTMENT CO., LIMITED incorporated and having Head Office in HONG KONG, which is willing to induct funds into the Company upto an amount not exceeding Rupee equivalent to USD 2.0 million by way of subscription to the equity shares to be allotted on preferential basis in accordance with provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 at a premium of Rs. 41.25 per equity share of Rs. 10.00 each. After the allotment of shares to the Strategic Investor at atleast a premium of Rs. 41.25 per share, Public Share holding will increase more than 25% from existing 17.20%.

The Company intends to use the funds to be raised by issuing equity shares on preferential basis for following purposes:

- a. The funds will be utilised for upgradation/new equipments/ working capital, payment of outstanding debts etc.
- b. With the induction of funds and allotment of equity shares to Strategic Investor the public shareholding will increase more than 25%.

The details of the issue and other particulars as required in terms of the Chapter VII of the SEBI (ICDR) Regulations, 2009 in relation to the above said Special Resolution are given as under:

i. Objects of the issue through preferential offer:

- The funds will be utilised for upgradation/new equipments/ working capital, payment of outstanding debts etc.
- To increase the public shareholding to more than 25%.

ii. Intention of promoters/directors/key management persons to subscribe to the offer:

The Preferential Issue of Equity Shares would be made to HONGKONG VICTORY INVESTMENT CO., LIMITED, a Company incorporated in HONGKONG having its registered office at RM 2108, 21/F C C WU BLDG, 302 – 308 HENNESSY RD, WANCHAI, HONG KONG, a Strategic Investor, not related with the Promoters of the Company (i.e. Strategic is not PAC with the Promoters). The promoter/directors/key management persons have no intention to subscribe to the Preferential Issue of Equity Shares.

Name of the Promoters of the Hong Kong Company : Mr. LI Hua Xiang and Mr. DAI Fu Qian

Date of Incorporation : 27 May 2014.

iii. Shareholding Pattern Before and after the Issue of Shares.

Category	Pre Issue (As on 20.06.2014)		Post Issue (*)	
	Number	Percentage	Number	Percentage
Promoters (Individual, HUF, Body Corporates)	5305032	82.80	5305032	62.11
Financial Institutions/Banks	200	0.00	200	0.00
Insurance Companies	Nil	Nil	Nil	Nil
Private Corporate Bodies	57103	0.89	57103	0.67
Individuals	949064	14.81	949064	11.11
NRI / OCBs	69537	1.09	69537	0.81
Strategic Investors *	Nil	Nil	2135000	24.99
Clearing Member	26268	0.41	26268	0.31
Trust	Nil	Nil	Nil	Nil
Total	6407204	100%	8542204	100%

(*) Assuming maximum number of shares allotted to the Strategic investor

iv. Proposed time within which the allotment shall be completed

As required under Chapter VII of SEBI(ICDR) Regulations, 2009 the Company shall complete the allotment of Equity Shares on or before expiry of 15 days from the date of passing of the resolution at the Annual General Meeting, provided that in event the allotment of equity shares require any approval(s) from any regulatory authority or the Central Government (including stock exchanges and SEBI), 15 days shall be counted from the date of order on such application or the date of approval or permission, as the case may be.