



# HINDUSTAN MOTORS LIMITED

Registered Office: "Birla Building", 9/1, R. N. Mukherjee Road, Kolkata 700 001

## Notice to the Shareholders

NOTICE is hereby given that an Extraordinary General Meeting of the Shareholders of HINDUSTAN MOTORS LIMITED will be held at Kolkata Ice Skating Rink, 78 Syed Amir Ali Avenue, Kolkata 700019 on Wednesday, the 7th March, 2012 at 2.30 P.M. to transact the following business:-

### SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Section 81(1A) and other relevant provisions of the Companies Act, 1956 and subject to the listing agreements entered into by the Company with the National Stock Exchange of India Limited, BSE Limited and Calcutta Stock Exchange Limited (collectively the "**Stock Exchanges**") where the Equity Shares of the Company are listed and the Regulations for preferential issue issued by the Securities and Exchange Board of India ("**SEBI**") under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations**") and other applicable rules, regulations, clarifications and/or guidelines, if any, of SEBI and such other authorities as may be applicable and subject to requisite approvals or consents, if any, of the Banks and Financial Institutions and any regulatory authority, where necessary and further subject to such terms, conditions, stipulations and modifications as may be prescribed, imposed or suggested by any of the authorities including the Stock Exchanges which the Board of Directors of the Company (hereinafter referred to as the "**Board**") which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution) be and is hereby authorized to accept subject to such conditions and modifications as may be considered appropriate by the Board, consent of the Company be and is hereby accorded to the Board to offer, issue and allot on preferential basis, at its sole and absolute discretion up to 1,18,00,000 Equity Shares of Rs. 5 each fully paid up at Rs. 12.25 each (including a premium of Rs. 7.25) computed in accordance with Regulation 76 of the SEBI ICDR Regulations being up to 5% of the total paid up Equity Share capital of the Company as enhanced upon such issuance and allotment and up to 1,18,00,000 Warrants (hereinafter referred to as "**Warrants**") at the same price fixed for issuance of Equity Shares with each Warrant convertible at the option of the Warrant holders into one Equity Share of Rs. 5 each fully paid up at a premium of Rs. 7.25 per Equity Share, at any time within a period of 18 months from the date of allotment of Warrants, to the following entities:

Name of Allottee(s)	No. of Equity Shares
Amer Investments (Delhi) Limited	3200000
Bengal Rubber Company Limited	4200000
Central India Industries Limited	2150000
Hindusthan Discounting Company Limited	2250000
<b>Total</b>	<b>11800000</b>
Name of Allottee(s)	No. of Warrants
Amer Investments (Delhi) Limited	5400000
Central India Industries Limited	6400000
<b>Total</b>	<b>11800000</b>

RESOLVED FURTHER THAT the total allotment of Equity Shares pursuant to the issuance of the Equity Shares and Warrants aforesaid within any one financial year shall not exceed 5% of the enhanced paid up share capital of the Company on such allotment and accordingly the right of conversion of Warrants into Equity Shares of the Company within a financial year shall be restricted to this extent.

RESOLVED FURTHER THAT the allotment of Equity Shares and Warrants pursuant to this resolution shall be made by the Board within 15 days as specified under Regulation 74 of the SEBI ICDR Regulations, and where it is so required by any authority including the Stock Exchanges, the Board shall have full powers to re-compute the price of the Equity Shares issued and allotted.

RESOLVED FURTHER THAT the 'Relevant Date' in relation to the issue of Equity Shares and Warrants in accordance with Chapter VII of the SEBI ICDR Regulations, would be 6th February, 2012, being the date 30 days prior to the date of passing of the special resolution.

RESOLVED FURTHER THAT an amount equivalent to 25% of the total consideration per Warrant shall be paid by Warrant holder on or prior to the date of allotment of Warrants and balance shall be paid on or prior to the date of allotment of Equity Shares pursuant to exercise of option against each such Warrant.

RESOLVED FURTHER THAT the Equity Shares so issued and allotted shall rank *pari passu* in all respects with the existing Equity Shares of the Company.



RESOLVED FURTHER THAT the Equity Shares so issued and allotted pursuant to conversion of the Warrants shall rank *pari passu* in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the Equity Shares and Warrants so issued and allotted as above shall be subject to the lock-in for a period of three years from the date of allotment in accordance with SEBI ICDR Regulations.

RESOLVED FURTHER THAT the Equity Shares allotted pursuant to conversion of Warrants shall also be subject to lock-in for a period of three years from the date of allotment of Equity Shares pursuant to conversion of the Warrants in accordance with SEBI ICDR Regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do and carry out all such acts, deeds, matters and things as it may in its sole discretion deem necessary for such purpose, including without limitation, appointment of consultants, solicitors, merchant bankers, or any other agencies as may be required, and entering into arrangements for listing, trading, depository services and such other arrangements and agreements as may be necessary, and also to seek listing of the Equity Shares issued with the Stock Exchanges with full powers to settle any question, difficulty or doubt that may arise at any time in relation to the issue or allotment of said Equity Shares and Warrants and utilization of issue proceeds

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors, Director or Directors or the Managing Director or any other Officer or Officers of the Company to give effect to the aforesaid resolution.

By Order of the Board  
For HINDUSTAN MOTORS LIMITED

Yogesh Goenka  
Chief Financial Officer and Company Secretary

Place: Kolkata

Dated: 9th February, 2012

**NOTES:**

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A SHAREHOLDER OF THE COMPANY. A PROXY FORM DULY STAMPED, COMPLETED AND SIGNED MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE MEETING.
2. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the Notice.
3. Copies of the Memorandum and Articles of Association of the Company, the certificate of the Statutory Auditors of the Company, certifying that the preferential issue of Equity Shares and Warrants proposed pursuant to the special resolution is in accordance with the requirements contained in SEBI ICDR Regulations shall be open for inspection of the shareholders of the Company at the registered office of the Company between 3 P.M. to 5 P.M. on any working day prior to the date of the Meeting and also at the Meeting.
4. Shareholders/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Notice. Corporate Shareholders intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
5. Shareholders who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.

**EXPLANATORY STATEMENT**

**PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

The following Explanatory Statement relating to the special business mentioned in the accompanying Notice sets out all material facts as required under Section 173(2) of the Companies Act, 1956.

The Company is in the process of stepping up the volume of its operations and for this purpose *inter alia* is introducing new products as well as variants of existing products. Introduction of these products is expected to increase sales volumes utilizing the Company's existing capacity, improve market share and enhance shareholder value. Implementation of these product introductions would require infusion of additional funds. In addition, the Company also requires funds for working capital requirements.

To meet the funding requirements apart from selling some assets, the Company proposes to issue up to 1,18,00,000 Equity Shares of Rs. 5 each fully paid up at a price of Rs. 12.25 per equity share (including premium of Rs. 7.25), being up to 5% of the total paid up Equity Share capital of the Company as enhanced upon such issuance and up to 1,18,00,000 Warrants at a price of Rs. 12.25 per Warrant on a preferential basis (hereinafter referred to as "Warrants"). Each Warrant at the option of the Warrant holder shall be convertible into one Equity Share of the Company of nominal value of Rs. 5 each at a premium of Rs. 7.25 at any time within a period of 18 months from the date of allotment. The issuance price of the Equity Shares and the convertible price of the Warrants is not lower than the price computed in accordance with Regulation 76 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations").

The preferential issue shall have the effect of increasing the shareholding of the Promoter/Promoter Group in the Company. The increase in the shareholding of the Promoter/Promoter Group in the Company shall be restricted to maximum 5% within a financial year which is the permissible limit under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 without triggering the requirement of public announcement of an open offer for acquiring Equity Shares of the Company.

The following disclosures for the preferential issue of Equity Shares and Warrants are made in accordance with the provisions of Regulation 73 of Chapter VII of the SEBI ICDR Regulations and the Companies Act, 1956.

**Information as required under Regulation 73 of the SEBI ICDR Regulations is as under:**

**a. Objects of the preferential issue**

The proceeds of the preferential issue will be used for capital expenditure as well as for working capital requirements.

**b. Proposal of the Promoters / Directors / Key Management Personnel of the Company to subscribe to the Issue:**

The following entities of the Promoter/Promoter Group do intend to subscribe to the above mentioned preferential allotment of Equity Shares and Warrants of the Company:

Name of Allottee(s)	No. of Equity Shares
Amer Investments (Delhi) Limited	3200000
Bengal Rubber Company Limited	4200000
Central India Industries Limited	2150000
Hindusthan Discounting Company Limited	2250000
<b>Total</b>	<b>11800000</b>
Name of Allottee(s)	No. of Warrants
Amer Investments (Delhi) Limited	5400000
Central India Industries Limited	6400000
<b>Total</b>	<b>11800000</b>

**c. Shareholding Pattern :**

SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE PREFERENTIAL SHARE ALLOTMENT				
On allotment of Equity Shares				
	Pre-Allotment		Post-Allotment	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
<b>Promoter/Promoter Group</b>				
(a) Proposed acquirer				
Amer Investments (Delhi) Limited	190000	0.12	3390000	1.96
Bengal Rubber Company Limited	1154950	0.72	5354950	3.10
Central India Industries Limited	9850600	6.11	12000600	6.94
Hindusthan Discounting Company Limited	834556	0.52	3084556	1.78
(b) Other Promoter/Promoter Group	31843148	19.75	31843148	18.41
<b>Total (A)</b>	<b>43873254</b>	<b>27.22</b>	<b>55673254</b>	<b>32.19</b>
<b>Public</b>				
Mutual Funds/UTI	66550	0.04	66550	0.04
Financial Institutions/ Banks/ Insurance Companies	9778035	6.07	9778035	5.65
Foreign Institutional Investors	71517	0.04	71517	0.04
Private Corporate Bodies	21741695	13.49	21741695	12.57
Resident Individuals	81904334	50.82	81904334	47.35
NRIs & OCBs	3480244	2.16	3480244	2.01
Clearing Members	239027	0.15	239027	0.14
Trusts	17337	0.01	17337	0.01
<b>Total (B)</b>	<b>117298739</b>	<b>72.78</b>	<b>117298739</b>	<b>67.81</b>
<b>TOTAL (A+B)</b>	<b>161171993</b>	<b>100.00</b>	<b>172971993</b>	<b>100.00</b>

**c. Shareholding Pattern : (Contd.)**

On conversion of Warrants				
	Pre-Allotment		Post-Allotment	
	No. of Shares	% of Share holding	No. of Shares	% of Share holding
<b>Promoter/Promoter Group</b>				
(a) Proposed acquirer				
Amer Investments (Delhi) Limited	3390000	1.96	8790000	4.76
Central India Industries Limited	12000600	6.94	18400600	9.96
(b) Other Promoter/Promoter Group	40282654	23.29	40282654	21.80
<b>Total (A)</b>	<b>55673254</b>	<b>32.19</b>	<b>67473254</b>	<b>36.52</b>
<b>Public</b>				
Mutual Funds/UTI	66550	0.04	66550	0.04
Financial Institutions/ Banks/ Insurance Companies	9778035	5.65	9778035	5.29
Foreign Institutional Investors	71517	0.04	71517	0.04
Private Corporate Bodies	21741695	12.57	21741695	11.77
Resident Individuals	81904334	47.35	81904334	44.32
NRIs & OCBs	3480244	2.01	3480244	1.88
Clearing Members	239027	0.14	239027	0.13
Trusts	17337	0.01	17337	0.01
<b>Total (B)</b>	<b>117298739</b>	<b>67.81</b>	<b>117298739</b>	<b>63.48</b>
<b>TOTAL (A+B)</b>	<b>172971993</b>	<b>100.00</b>	<b>184771993</b>	<b>100.00</b>

The above pre-issue shareholding pattern has been prepared on the basis of shareholdings as on 27th January, 2012.

**d. Proposed time within which the allotment of Equity Shares and Warrants shall be completed:**

The allotment of Equity Shares and Warrants is proposed to be completed within a period of 15 days from 7th March, 2012 being the date on which the shareholders' sanction is obtained for the preferential allotment of Equity Shares and Warrants provided that where the allotment is pending on account of pendency of any approvals for such allotment by any regulatory authority or the Central Government, then the allotment shall be completed within a period of fifteen (15) days from the date of such approval or such other extended period as may be permitted under the SEBI ICDR Regulations.

**e. The identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer, consequent to the preferential issue.**

Sl. No.	Name	Category	Pre-Issue Holding	% of Pre-Issue Holding	No. of Shares (Proposed for Allotment)	Post Issue Holding	% of Post Issue Holding
<b>Upon Allotment of Equity Shares</b>							
1	Amer Investments (Delhi) Limited	Promoter/Promoter Group	190000	0.12	3200000	3390000	1.96
2	Bengal Rubber Company Limited	Promoter/Promoter Group	1154950	0.72	4200000	5354950	3.10
3	Central India Industries Limited	Promoter/Promoter Group	9850600	6.11	2150000	12000600	6.94
4	Hindusthan Discounting Company Limited	Promoter/Promoter Group	834556	0.52	2250000	3084556	1.78

**Upon Conversion of Warrants**

1	Amer Investments (Delhi) Limited	Promoter/Promoter Group	3390000	1.96	5400000	8790000	4.76
2	Central India Industries Limited	Promoter/Promoter Group	12000600	6.94	6400000	18400600	9.96

**f. Issuer's Undertaking:**

The undertaking(s) required under Paragraphs (f) and (g) of sub-regulation (1) of Regulation 73 of Chapter VII of SEBI ICDR Regulations will not be applicable to the Company, as the Company's Equity Shares are listed on the Stock Exchanges for more than the minimum period as specified under Regulation 76 (3) of the SEBI ICDR Regulations.

**g. Auditors' Certificate:**

S. R. Batliboi & Co., Chartered Accountants, Statutory Auditors of the Company, have certified that the preferential issue is being made in accordance with the requirements contained in Chapter VII of the SEBI ICDR Regulations. A copy of the certificate is being placed before the shareholders.

The consent of the shareholders by way of special resolution is being sought for issue of the Equity Shares and Warrants on preferential basis.

The Board recommends the resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution, except Shri C. K. Birla, being the promoter of the Company.

Place: Kolkata

Dated: 9th February, 2012

By Order of the Board  
For HINDUSTAN MOTORS LIMITED  
Yogesh Goenka  
Chief Financial Officer and Company Secretary