Hindustan Motors

Registered Office :
Hindustan Motors Limited
Birla Building, 14th Floor
9/1, R. N. Mukherjee Road
Kolkata - 700 001

T +91 033 22420932 (D) F +91 033 22480055
T +91 033 30573700 hmcosecy@hindmotor.com
T +91 033 30410900 www.hindmotor.com

August 29, 2013

1 The Manager, Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th floor
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051
(Company Code : HINDMOTORS)

2 Corporate Relationship Dept.
BSE Limited
1st floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Fort
Mumbai – 400 001
(Company Code : 500500)

3 The Secretary
The Calcutta Stock Exchange Limited,
7 Lyons Range
Kolkata – 700 001
(Company Code : 1000012)

Dear Sirs

Sub: Demerger of Chennai Car Plant (Demerged Undertaking) of Hindustan Motors Limited to Hindustan Motor Finance Corporation Limited

With reference to above and in compliance with the provisions of Clause 31 of the Listing Agreement, we enclose herewith three copies of the following Notices sent to the equity shareholders of the Company:-

1 Notice of Court Convened Meeting of equity shareholders of the Company to be held on Monday, the 23rd September, 2013 along with accompanying documents being (i) copy of the Scheme, (ii) Statement under Section 393 of the Companies Act, 1956, (iii) Observation letters of National Stock Exchange of India Limited., The Calcutta Stock Exchange Limited and BSE Limited, (iv) Complaints Report and (v) Proxy Form;

2 Notice of Postal Ballot dated 26th August, 2013

Kindly acknowledge the receipt of the same.

Thanking you,

Yours faithfully,
For Hindustan Motors Limited

Yogesh Goenka
Chief Financial Officer and
Company Secretary

Encl : As above

HINDUSTAN MOTORS LIMITED

Registered Office:

"Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata 700 001

I N D E X

Sl. No.	Contents	Page Nos.
A.	**COURT CONVENED MEETING**	
1.	Notice of Court Convened Meeting of Equity Shareholders of Hindustan Motors Limited ("HML"), to be held on Monday, the 23rd September, 2013 at 2.00 p.m. at Kolkata Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata - 700 019	2
2.	Scheme of Arrangement under Sections 391 and 394 of the Companies Act, 1956	3-9
3.	Statement under Section 393 of the Companies Act, 1956	10-20
4.	Observation Letters of National Stock Exchange of India Limited (dated 6th May, 2013), The Calcutta Stock Exchange Limited (dated 7th May, 2013) and BSE Limited (dated 8th May, 2013) giving their no objections to the Scheme	21-26
5.	Complaints Report dated 25-3-2013 submitted by the Company to the said Stock Exchanges	27
6.	**Form of Proxy** for Court Convened Meeting	29
7.	**Attendance Slip** for Court Convened Meeting	31
B.	**POSTAL BALLOT**	
1.	Notice of Postal Ballot	28
2.	Postal Ballot Form with instrutions	
3.	Self-addressed Business Reply Envelope	

Company Application No.215 of 2013
In the High Court at Calcutta
Original Jurisdiction

In the Matter of :
The Companies Act, 1956.
And
In the Matter of :
An application under Sections 391(1) and 393 of the said Act.
And
In the Matter of :
Hindustan Motors Limited, an existing Company within the meaning of the Companies Act, 1956, having its registered office at "Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata 700 001 within the aforesaid jurisdiction.
And
Hindustan Motor Finance Corporation Limited, an existing Company within the meaning of the Companies Act, 1956, having its registered office at "Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata 700 001 within the aforesaid jurisdiction.

1. Hindustan Motors Limited
2. Hindustan Motor Finance Corporation Limited

..... Applicants.

NOTICE CONVENING MEETING

To The Equity Shareholders of Hindustan Motors Limited

TAKE NOTICE that by an order made on the 8th day of August, 2013, as modified by an order the 22nd day of August 2013, the Hon'ble High Court at Calcutta has directed that a meeting of the Equity Shareholders of Hindustan Motors Limited, being the Applicant Company No.1 abovenamed (hereinafter referred to as "HML") be held at Kolkata Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata 700 019 on Monday, the 23rd day of September, 2013 at 2:00 p.m. for the purpose of considering and, if thought fit, approving, with or without modification, the proposed Scheme of Arrangement between HML and Hindustan Motor Finance Corporation Limited and their respective shareholders.

TAKE FURTHER NOTICE that in pursuance of the said order, meeting of Equity Shareholders of HML will be held at Kolkata Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata 700 019 on Monday, the 23rd day of September, 2013 at 2:00 p.m.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you, is deposited at the registered office of HML, as aforesaid, not later than 48 hours before the said meeting.

The Court has appointed Mr. L. K. Chatterjee, Advocate and retired Senior Central Government Advocate to be the Chairperson of the said meeting of the Equity Shareholders of HML.

A copy each of the said Scheme of Arrangement, the Statement relating to the same under Section 393 of the Companies Act, 1956 (“393 Statement”) and a form of Proxy are enclosed herewith. The Government of West Bengal and Bengal Shriram High Tech City Private Limited have objected to the Scheme. Such objection and the counter thereto of HML are also included in the said 393 Statement.

Sd/- L. K. Chatterjee
CHAIRPERSON APPOINTED FOR THE MEETING

Dated this 26th day of August, 2013.

[NOTE : All alterations made in the form of proxy should be initialled.]

Drawn by :
For Khaitan & Co.
Sd/-
(Aniket Agarwal)
Advocates for Applicants
1B, Old Post Office Street, Kolkata 700 001.

Settled by :

Sd/- 26-8-2013
(Sumit Das Sarkar)
Assistant Registrar (Company)
High Court, O.S. Calcutta.

SCHEME OF ARRANGEMENT

(UNDER SECTIONS 391 & 394 OF THE COMPANIES ACT, 1956)

BETWEEN

HINDUSTAN MOTORS LIMITED

AND

HINDUSTAN MOTOR FINANCE CORPORATION LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

FOR

DEMERGER OF CHENNAI CAR PLANT (DEMERGED UNDERTAKING) OF HINDUSTAN MOTORS LIMITED TO HINDUSTAN MOTOR FINANCE CORPORATION LIMITED

PART - I

(Preliminary)

1. Definitions :

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings :

i. **"Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof.

ii. **"Appointed Date"** means the 1st day of April, 2012.

iii. **"HML"** means Hindustan Motors Limited, an existing Company within the meaning of the Act and having its registered office at "Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata 700 001 in the State of West Bengal.

iv. **"HMFCL"** means Hindustan Motor Finance Corporation Limited, an existing Company within the meaning of the Act and having its registered office at "Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata 700 001 in the State of West Bengal.

v. **"Demerged Undertaking"** means the entire business and activities of HML comprised in the following manufacturing unit of HML :

Chennai Car Plant (CCP) at Adigathur, Kadambathur 631 023 in District Tiruvallur in the State of Tamil Nadu engaged in the business of manufacture and trading of passenger vehicles like Cedia, Pajero, Pajero sport, Montero and Outlander brands of passenger Cars and spare parts of the same.

Without prejudice to the generality of the foregoing, the Demerged Undertaking shall mean and include all property, rights and powers and all debts, liabilities, duties and obligations of HML comprised in and/or pertaining to the Demerged Undertaking as on the Appointed Date, including:

(a) all properties and assets, moveable and immoveable, freehold and leasehold, real and personal, corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, wheresoever situate, as on the Appointed Date relating to the Demerged Undertaking, including all factory land in the State of Tamil Nadu, buildings, commercial and residential flats and offices, plant and machinery, electrical installations, vehicles, equipment, furniture, investments, sundry debtors, inventories, cash and bank balances, bills of exchange, deposits, loans and advances and other assets as appearing in the books of account of HML in relation to the Demerged Undertaking, leases, tenancies and agency of HML pertaining to the Demerged Undertaking, and all other interests or rights in or arising out of or relating to the Demerged Undertaking together with all respective powers, interests, charges, privileges, benefits, entitlements, industrial and other licenses, registrations, quotas, patents, copyrights, brand names, trademarks, other intellectual property rights, liberties, easements and advantages, subsidies, grants, taxes, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, customs duty, excise duty, service tax, etcetera), deferred tax benefits and other benefits appertaining to the Demerged Undertaking and/or to which HML is entitled to in respect of the Demerged Undertaking of whatsoever kind, nature or description held, applied for or as may be obtained thereafter together with the benefit of all respective contracts and engagements and all respective books, papers, documents and records relating to the Demerged Undertaking;

(b) all debts, liabilities, duties and obligations of HML in relation to the Demerged Undertaking, including liabilities on account of secured loans, unsecured loans and sundry creditors and sales-tax, bonus, gratuity and other taxation and contingent liabilities of HML pertaining to the Demerged Undertaking; and

(c) all employees of HML engaged in or in relation to the Demerged Undertaking.

vi. **"Record Date"** means the date to be fixed by the Board of Directors of HML in consultation with HMFCL for the purpose of determining the members of HML to whom new shares in HMFCL will be allotted pursuant to Clause 10 of the Scheme.

vii. **"Effective Date"** means the date or last of the dates on which certified copies of the order of the Hon'ble High Court at Calcutta sanctioning the Scheme are filed with the Registrar of Companies, West Bengal by HML and HMFCL.

viii. **"Scheme"** means this Scheme of Arrangement under Sections 391 and 394 of the Act in the present form or with such modifications as sanctioned by the Hon'ble High Court at Calcutta.

ix. Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

2. Share Capital :

The Authorised, Issued, Subscribed and Paid-up Share Capital of HML and HMFCL as on the date of approval of this Scheme by the respective Board of Directors of the said companies, i.e 10 January 2013, is as under:

(Amount in Rs.)

i. HML

Authorised Share Capital :	
33,00,00,000 Equity Shares of Rs.5/- each	165,00,00,000/-
55,00,000 Unclassified Shares of Rs.100/- each	55,00,00,000/-
	220,00,00,000/-
Issued Share Capital :	
18,51,89,297 Equity Shares of Rs.5/- each	**92,59,46,485/-**
Subscribed and Paid up Share Capital:	
18,47,71,993 Equity Shares of Rs.5/- each fully paid up	92,38,59,965/-
Add amount originally paid up on Forfeited Equity Shares	8,47,752/-
	92,47,07,717/-

ii. HMFCL

Authorised Share Capital :	
2,50,00,000 Equity Shares of Rs.5/- each	12,50,00,000/-
7,50,000 Preference Shares of Rs.100/- each	7,50,00,000/-
	20,00,00,000/-
Issued, Subscribed and Paid up Share Capital :	
5,00,000 Equity Shares of Rs.5/- each fully paid up	25,00,000/-

All the Equity Shares issued by HMFCL are held by HML and its nominees. Accordingly, HMFCL is presently a wholly owned (100%) subsidiary of HML.

3. Objects and Reasons :

i. HML is a diversified automobile Company engaged in manufacture and trading of various brands of cars, sports utility vehicles and commercial vehicles catering to both, the passenger and goods carrying segments of the market. HML is also engaged in auto components manufacturing business consisting of forgings, castings and stampings and spare parts of vehicles. The said businesses are presently structured and carried on in three divisions as follows :-

(1) Uttarpara Division at Hindmotor in District Hooghly in the State of West Bengal is engaged primarily in the business of manufacture of the vehicles like Ambassador brand of passenger cars and spare parts thereof as well as in the business of manufacturing components like forgings, stamping and castings. In addition Winner brand of light commercial vehicles are also manufactured at such facility. These brands are owned by HML.

(2) Chennai Car Plant at Adigathur, Kadambathur 631 023 in District Tiruvallur in the State of Tamil Nadu engaged in the business of manufacture and trading of passenger vehicles like Cedia, Pajero, Pajero sport, Montero and Outlander brands of Cars and spare parts of the same. These brands are owned by Mitsubishi Motors Corporation, Japan and the said cars are manufactured in technical collaboration with them.

(3) Pithampur Plant at Pithampur, Sector III, Sagore 454 774 in District Dhar in the State of Madhya Pradesh engaged in the business of manufacture and sale of utility and commercial vehicles and spare parts of the same; and undertaking job contracts for other manufacturers.

A part of the requirement of powertrains fitted in vehicles manufactured by the Uttarpara Division and Pithampur Plant are sourced from a common supplier, namely Avtec Limited, a group company. The Uttarpara Division of HML in turn supplies forgings and castings to such group company.

ii. The considerations, factors and financials applicable to the business comprised in the Chennai Car Plant, including growth trajectories, maturity stage and requirement of funds of such business are different and divergent in nature in comparison to the business in the other divisions of HML.

iii. As part of an overall business reorganisation plan and in order to provide for the optimum running, growth and development of the divisions and interests of HML it is necessary to segregate and realign the same appropriately. In the circumstances it is considered desirable and expedient to reconstruct HML by demerging the Chennai Car Plant (Demerged Undertaking) of HML to HMFCL in the manner and on the terms and conditions stated in this Scheme of Arrangement.

iv. The Scheme will enable the business comprised in the Demerged Undertaking and remaining business of HML to be pursued and carried on more conveniently and advantageously with greater focus and attention through two separate companies, i.e. HML and HMFCL, each having their own management team and administrative set up. The same will facilitate the business considerations and factors applicable to the said businesses to be addressed more effectively and adequately by the respective companies.

v. As such any potential financial investor or other strategic partner interested in supporting and taking a stake in the business comprised in Demerged Undertaking of HML would not be interested in the other business of HML and vice-versa by reason of the difference and divergence in the nature and financials of such businesses. The Scheme will enable independent evaluation of the said respective businesses through two separate companies and participation therein of suitable investors and strategic partners. The same will enable running and operation of the said businesses and growth and development plans thereof to be funded independently and unlock and enhance shareholders value.

vi. HMFCL is presently engaged in the business of bullet proofing of passenger cars. However, the level of operations of such business is relatively insignificant and HMFCL has been looking at suitable other business opportunities. The demerger herein will enable HMFCL to undertake substantial business with an established undertaking.

vii. The Scheme will have beneficial results for the said Companies, their shareholders and all concerned. The Scheme is proposed accordingly.

PART - II

(Demerger)

4. Transfer of Undertaking :

4.1 With effect from the Appointed Date, the Demerged Undertaking shall be demerged from HML and transferred to HMFCL as a going concern for all the estate and interest of HML therein in accordance with and subject to the modalities for transfer and vesting stipulated herein.

4.2 In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same may be so transferred by HML, without requiring any deed or instrument of conveyance for the same and shall become the property of HMFCL accordingly and as an integral part of the Demerged Undertaking transferred to HMFCL.

4.3 In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in Clause 4.2 above, the same shall, be transferred to and vested in and/or be deemed to be transferred to and vested in HMFCL pursuant to the provisions of Section 394(2) of the Act.

4.4 All debts, liabilities, duties and obligations of HML relating to the Demerged Undertaking as on the close of business on the day immediately preceding the Appointed Date including general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the Income-Tax Act, 1961 and all other debts, liabilities, duties and obligations of HML relating to the Demerged Undertaking which may accrue or arise from the Appointed Date but which relate to the period upto the day immediately preceding the Appointed Date shall also be transferred to HMFCL, without any further act or deed, pursuant to the provisions of Section 394(2) of the Act, so as to become the debts, liabilities, duties and obligations of HMFCL. It is clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause.

4.5 The transfer and vesting of the Demerged Undertaking of HML, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof which are subsisting on transfer of such assets to HMFCL and relating to the liabilities of the Demerged Undertaking which are also transferred to HMFCL. The transferred assets shall stand freed from all other charges, mortgages and encumbrances. The transfer of the Demerged Undertaking of HML to HMFCL shall not affect the subsisting charges, mortgages and encumbrances over the retained assets of HML or any part thereof and relating to the liabilities of HML which are also retained in HML. The retained assets shall stand freed from all other charges, mortgages and encumbrances.

4.6 Subject to the other provisions of this Scheme, all entitlements, licenses, permissions, approvals, clearances, authorisations, consents, brands, trademarks, other intellectual property rights registrations and no-objection certificates obtained by HML for the operations of the Demerged Undertaking and/or to which HML is entitled to in relation to the Demerged Undertaking

in terms of the various Statutes / Schemes / Policies, etcetera of Union and State Governments, shall be available to and vest in HMFCL, without any further act or deed and shall be mutated by the statutory authorities concerned therewith in favour of HMFCL. Since the Demerged Undertaking will be transferred to and vested in HMFCL as a going concern without any break or interruption in the operations thereof, HMFCL shall be entitled to enjoy the benefit of all such entitlements, licenses, permissions, approvals, clearances, authorisations, consents, intellectual property rights, registrations and no-objection certificates as enjoyed by HML and to carry on and continue the operations of the Demerged Undertaking on the basis of the same upon this Scheme becoming effective. Accordingly, all existing and future incentives, unavailed credits and exemptions, benefit of unabsorbed depreciation, carried forward losses and other statutory benefits, including in respect of Income Tax, Excise (including Modvat/Cenvat), Customs, VAT, Sales Tax, Service Tax etcetera to which HML is entitled in relation to the Demerged Undertaking in terms of the various Statutes / Schemes / Policies, etcetera of Union and State Governments shall be available to and vest in HMFCL upon this Scheme becoming effective. Further, the experience, track record and credentials of the Demerged Undertaking in manufacturing and supplying the products thereof to various authorities, agencies and clients prior to its transfer to HMFCL shall be taken into account and treated and recognised as the experience, track record and credentials of such Demerged Undertaking even after its transfer to HMFCL, including for the purpose of eligibility, standing, evaluation and participation of HMFCL in all existing and future bids, tenders and contracts of such authorities, agencies and clients.

4.7 It is clarified that all the taxes and duties payable by HML, relating to the Demerged Undertaking, from the Appointed Date onwards including all advance tax payments, tax deducted at source, tax liabilities or any refund and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of HMFCL. Accordingly, upon the Scheme becoming effective, HML is expressly permitted to revise and HMFCL is expressly permitted to file their respective, income tax returns including tax deducted at source certificates, sales tax/value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme.

4.8 The assets and liabilities of the Demerged Undertaking shall be transferred to HMFCL from the Appointed Date in terms of this Scheme at their respective book values with change in book values of assets consequent to revaluation being ignored in terms of Section 2(19AA) of the Income Tax Act, 1961.

5. Legal Proceedings :

All legal, or other proceedings by or against HML and relating to the Demerged Undertaking, including proceedings under various tax laws, shall be continued and enforced by or against HMFCL only. If proceedings are taken against HML, HML will defend on notice or as per advice of HMFCL at the costs of HMFCL and HMFCL will indemnify and keep indemnified HML from and against all liabilities, obligations, actions, claims and demands in respect thereof.

6. Contracts and Deeds :

Subject to the other provisions contained in this Scheme all contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Demerged Undertaking to which HML is a party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of HMFCL and may be enforced as fully and effectually as if instead of HML, HMFCL had been a party thereto.

7. Saving of Concluded Transactions :

The transfer and vesting of the properties and liabilities of the Demerged Undertaking and the continuance of the proceedings by or against HMFCL as per the provisions hereof shall not affect any transaction or proceeding relating to the Demerged Undertaking already completed by HML on or before the Effective Date to the end and intent that HMFCL accepts all acts, deeds and things relating to the Demerged Undertaking done and executed by and/or on behalf of HML as acts deeds and things done and executed by and on behalf of HMFCL.

8. Employees :

8.1 HMFCL undertakes to engage on and from the Effective Date all the employees of HML engaged in the Demerged Undertaking on the same terms and conditions on which they are engaged by HML without any interruption of service as a result of the transfer of the Demerged Undertaking to HMFCL. HMFCL agrees that the services of all such employees with HML up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

8.2 Accordingly, the services of such employees for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all purposes, including for the purpose of payment of any retrenchment compensation and other terminal benefits, will be reckoned from the date of their respective appointments with HML.

8.3 The accumulated balances, if any, standing to the credit of the employees of the Demerged Undertaking in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds, if any, of which they are members will be transferred to such Provident Fund, Gratuity Fund, Superannuation Fund and other funds nominated by HMFCL and/or such new Provident Fund, Gratuity Fund, Superannuation Fund and other funds to be established and caused to be recognised by the concerned authorities by HMFCL. Pending the transfer as aforesaid, the dues of the employees of the Demerged Undertaking relating to the said

funds would be continued to be deposited by HMFCL in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds respectively.

9. Business in trust for HMFCL :

With effect from the Appointed Date and upto and including the Effective Date :

9.1 HML undertakes to carry on the business of the Demerged Undertaking in the ordinary course of business and HML shall be deemed to have carried on and to be carrying on all business and activities relating to the Demerged Undertaking for and on account of and in trust for HMFCL.

9.2 All profits accruing to HML (including taxes paid thereon) or losses arising or incurred by it relating to the Demerged Undertaking for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits (including taxes paid) or losses, as the case may be of HMFCL.

9.3 HML shall be deemed to have held and stood possessed of the properties to be transferred to HMFCL for and on account of and in trust for HMFCL and, accordingly, HML shall not (without the prior written consent of HMFCL) alienate, charge or otherwise deal with or dispose of the Demerged Undertaking or any part thereof except in the usual course of business.

10. Issue of Shares by HMFCL :

10.1 Upon the Scheme becoming effective and in consideration of the demerger and transfer of the Demerged Undertaking, HMFCL shall, without further application, issue and allot to the shareholders of HML whose names shall appear in the Register of Members of HML as on a Record Date to be fixed by HML in consultation with HMFCL, 1 (one) Equity Share of Rs.5/- each in HMFCL, credited as fully paid up for every 13 (thirteen) Equity Shares of Rs.5/- each held by them in HML.

10.2 All the Equity Shares to be issued and allotted by HMFCL to the Equity Shareholders of HML under this Scheme shall rank pari passu in all respects with the existing Equity Shares of HMFCL. Further such Equity Shares shall pursuant to circular issued by the Securities Exchange Board of India (SEBI) on 4 February 2013 bearing No.CIR/CFD/DIL/05/2013 and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant stock exchange(s) where the existing Equity Shares of HML are listed and/or admitted to trading, i.e Bombay Stock Exchange, National Stock Exchange and Calcutta Stock Exchange.

10.3 In respect of the shareholding of the members in HML held in the dematerialised form, the Equity Shares in HMFCL shall, subject to applicable regulations, also be issued to them in the dematerialised form pursuant to clause 10.1 above with such shares being credited to the existing depository accounts of the members of HML entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date.

10.4 In respect of the shareholding of the members in HML held in the certificate form, the Equity Shares in HMFCL shall be issued to such members in certificate form. Members of HML desirous of receiving the new shares in HMFCL in dematerialised form should have their shareholding in HML dematerialised on or before the Record Date.

10.5 No fractional shares shall be issued by HMFCL in respect of the fractional entitlements, if any, to which the members of HML may be entitled on issue and allotment of Equity Shares in HMFCL as above. The Board of Directors of HMFCL or a committee thereof shall consolidate all such fractional entitlements, and issue and allot the Equity Shares in lieu thereof to a Director and/ or Officer(s) of HMFCL on the express understanding that such Director and / or Officer(s) to whom such new Equity Shares are allotted shall sell the same in the market and pay to HMFCL the net sale proceeds thereof, whereupon HMFCL shall distribute such net sale proceeds to the members of HML in proportion to their fractional entitlements.

10.6 HMFCL shall, if and to the extent required, apply for and obtain the requisite consent or approval of the Government of India and the Reserve Bank of India and other Appropriate Authorities concerned for the issue and allotment of Equity Shares in HMFCL in terms hereof to the non-resident members of HML.

10.7 The Equity Shares in HMFCL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

10.8 Apart from changes in capital of HMFCL in terms of this Scheme, there shall be no change in the shareholding pattern of Equity Shares or control in HMFCL between the Record Date and listing of the new Equity Shares of HMFCL which may affect the status of the approval of the stock exchanges to this Scheme.

11. Accounting :

11.1 The difference between the values of assets and liabilities of the Demerged Undertaking, as appearing in the books of account of HML, shall be adjusted against Revaluation Reserves of HML to the extent such reserves are represented by fixed assets of the Demerged Undertaking; a sum of Rs.3.53 lakhs shall be adjusted against Capital Reserves of HML; and the balance shall be adjusted against Securities Premium Account of HML.

11.2 The assets and liabilities of the Demerged Undertaking shall be transferred to HMFCL and recorded in the books of account of HMFCL at their values as appearing in the books of account of HML as on the Appointed Date with change in book values of assets consequent to revaluation being ignored in terms of Section 2(19AA) of the Income Tax Act, 1961. Such assets and liabilities, including deferred tax asset/liability relating to the Demerged Undertaking as determined in this regard, shall be

incorporated in the books of account of HMFCL accordingly at such values. A Statement thereof as on March 31, 2012 is set out in Schedule I hereto.

11.3 The difference between the value of the assets and liabilities of the Demerged Undertaking recorded in the books of account of HMFCL in terms of Clause 11.2 above as reduced by the aggregate face value of the Equity Shares issued and allotted by HMFCL in terms of this Scheme shall be adjusted in General Reserves.

11.4 Subject to the aforesaid, the Board of Directors of HML and HMFCL shall be entitled to make such corrections and adjustments as may in their opinion be required in any manner whatsoever, as may be deemed fit, in accordance with notified accounting standards and applicable generally accepted accounting principles in India.

12. Cancellation of Existing Shares of HMFCL :

All existing Equity Shares of HMFCL, i.e. 5,00,000 Equity Shares of Rs.5/- each held by HML and its nominees, shall stand cancelled, without any further act or deed, upon the new Equity Shares being issued by HMFCL to the shareholders of HML in terms of this Scheme and until such cancellation shall continue to be held by HML and its nominees. Such cancellation of shares of HMFCL in the books of HML shall be adjusted in the Securities Premium Account of HML.

13. Change of names :

Consequent to the demerger and upon the Scheme becoming effective, the name of HML shall be changed to `HM Bengal Limited' and the name of HMFCL shall be changed to `Hindustan Motors Limited' or such other similar names as may be accepted by their respective Boards and made available to them by the Registrar of Companies. Both companies shall take necessary steps to give effect to such change of names.

14. Applications :

HML and HMFCL shall, with all reasonable dispatch, make necessary applications to the Hon'ble High Court at Calcutta for sanction and carrying out of the Scheme. Any such application shall, upon constitution of the National Company Law Tribunal under Section 10FB of the Act, be made and/or pursued before the National Company Law Tribunal, if so required. In such event references in this Scheme to the Hon'ble High Court at Calcutta shall be construed as references to the National Company Law Tribunal as the context may require. HML and HMFCL shall also take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

15. Modification and Implementation :

HML and HMFCL (by their respective Board of Directors or Committee thereof or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised :

15.1 to assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Hon'ble High Court at Calcutta and/or any authorities under law may deem fit to approve or direct or as may be deemed expedient or necessary; and

15.2 to settle all doubts or difficulties that may arise in carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

Without prejudice to the generality of the foregoing HML and HMFCL (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

16. Scheme Conditional Upon :

The Scheme is conditional upon and subject to :

16.1 Approval of the Scheme by the requisite majority of the members of HML and HMFCL; and

16.2 Sanction of the Scheme by the Hon'ble High Court at Calcutta under Sections 391 and 394 and other applicable provisions of the Act.

Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which certified copies of the order of the Hon'ble High Court at Calcutta sanctioning the Scheme are filed with the Registrar of Companies, West Bengal by HML and HMFCL.

17. Remaining Business :

Save and except the Demerged Undertaking of HML and as expressly provided in this Scheme of Arrangement nothing contained in this Scheme of Arrangement shall affect the other business, assets, and liabilities of HML which shall continue to belong to and be vested in and be managed by HML.

18. Costs :

All costs, charges and expenses in connection with the Scheme, incurred upto the stage of the Scheme becoming effective shall be borne and paid by HML. Subsequent to the said stage each Company shall pay and bear their own costs.

PART - III

(Residual Provisions)

19.1 Even after this Scheme becomes operative, HMFCL shall be entitled to operate all Bank Accounts relating to the Demerged Undertaking and realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking in the name of HML in so far as may be necessary until the transfer of rights and obligations of HML to HMFCL under this Scheme is formally accepted by the parties concerned.

19.2 It is clarified and provided that pending sanction of the Scheme, HML shall be at liberty to deal with its investments in shares of bodies corporate other than HMFCL for cash and/or deferred consideration and HMFCL shall be at liberty to issue Non-Convertible Redeemable Preference Shares on such terms and conditions as they may deem fit in connection with their business.

19.3 On the approval of the Scheme by the members of HML and HMFCL pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under Sections 21, 78, 81(1-A), 100 or any other provisions of the Act to the extent the same may be considered applicable.

19.4 The demerger and transfer and vesting of the Demerged Undertaking under this Scheme has been proposed in compliance with the provisions of Section 2(19AA) of the Income-Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the said Section. Such modification will however not affect the other parts of the Scheme.

19.5 If any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and/or any other person as to the construction hereof or as to any account, valuation or apportionment to be taken or made of any asset or liability transferred under this Scheme or as to the accounting treatment thereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be referred to Mr. P. L. Agarwal, Advocate of 1B, Old Post Office Street, Kolkata 700 001 whose decision shall be final and binding on all concerned.

Schedule I

Statement of Assets and Liabilities of Demerged Undertaking as on 31 March, 2012

	(Rs. in Lakhs)
LIABILITIES	
NON-CURRENT LIABILITIES	
Long-Term Borrowings	15,41.46
Deferred Tax Liability (Net)	11,62.37
Long-Term Provisions	43.70
	27,47.53
CURRENT LIABILITIES	
Short-Term Borrowings	32,93.24
Trade Payables	37,15.77
Other Current Liabilities	33,31.58
Short-Term Provisions	99.60
	104,40.19
Total Liabilities	**131,87.72**
ASSETS	
NON-CURRENT ASSETS	
Fixed Assets	
Tangible Assets	61,24.66
Intangible Assets	3,23.00
Capital Work-In-Progress	14,61.90
Intangible Assets under Development	92.12
	80,01.68
Long-Term Loans and Advances	2,40.18
Other Non-Current Assets	–
	82,41.86
CURRENT ASSETS	
Inventories	35,32.68
Trade Receivables	2,72.44
Cash and Bank Balance	7,36.36
Short-Term Loans and Advances	11,26.26
Other Current Assets	25.30
	56,93.04
Total Assets	**139,34.90**

Company Application No.215 of 2013
In the High Court at Calcutta
Original Jurisdiction

In the Matter of :
The Companies Act, 1956.
And
In the Matter of :
An application under Sections 391(1) and 393 of the said Act.
And
In the Matter of :
Hindustan Motors Limited, an existing Company within the meaning of the Companies Act, 1956, having its registered office at "Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata 700 001 within the aforesaid jurisdiction.
And
Hindustan Motor Finance Corporation Limited, an existing Company within the meaning of the Companies Act, 1956, having its registered office at "Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata 700 001 within the aforesaid jurisdiction.
1. Hindustan Motors Limited
2. Hindustan Motor Finance Corporation Limited

..... Applicants.

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. The accompanying notice has been sent pursuant to an order dated the 8th day of August, 2013 as modified by an order dated the 22nd day of August 2013 of the Hon'ble High Court at Calcutta for convening meeting of the Equity Shareholders of Hindustan Motors Limited, being the Applicant Company No.1 abovenamed (hereinafter referred to as "HML") for the purpose of considering and if thought fit, approving, with or without modification, the Scheme of Arrangement proposed to be made between HML and Hindustan Motor Finance Corporation Limited, being the Applicant Company No. 2 abovenamed (hereinafter referred to as "HMFCL") and their respective shareholders. Under the said Scheme it is proposed to reorganise and reconstruct HML by demerging the Chennai Car Plant ("Demerged Undertaking") of HML, as defined in the Scheme, to HMFCL together with the assets and liabilities of HML relating to such Undertaking. The rest of the assets, business and liabilities shall continue to remain with HML. Meeting of Equity Shareholders of HMFCL has been dispensed with by the Hon'ble High Court at Calcutta by the said orders in view of the said shareholders having already given their consent in writing to the Scheme. The salient features of the Scheme of Arrangement are given in paragraph 4 of this Explanatory Statement. The detailed terms will appear from the enclosed draft of the Scheme. This statement under Section 393 of the Companies Act, 1956 in relation to the said meeting of Equity Shareholders of HML convened by order of the Hon'ble High Court at Calcutta is also to be treated as the Explanatory Statement to the attached notice for consideration of the Scheme by postal ballot.

2. INCORPORATION, BUSINESS, SHARE CAPITAL AND ACCOUNTS OF THE APPLICANT COMPANIES:-

   A. HML :

      (a) HML was incorporated on the 11th day of February, 1942 as a Company limited by shares under the provisions of the Indian Companies Act, 1913 by the name and style of 'Hindustan Motors Limited'. HML is an existing public Company within the meaning of the Companies Act, 1956. HML is engaged in the business of manufacturing and trading of various brands of cars, sports utility vehicles and commercial vehicles. HML is also engaged in auto components manufacturing business consisting of forgings, castings and stampings and spare parts of vehicles.

      (b) The Authorised Share Capital of HML is Rs.220,00,00,000/- divided into 33,00,00,000 Equity Shares of Rs.5/- each and 55,00,000 Unclassified Shares of Rs.100/- each. The Issued Share Capital of HML was Rs.86,69,46,485/- divided into 17,33,89,297 Equity Shares of Rs.5/- each as on 31 March 2012. The Subscribed and Paid up Share Capital of HML as on the said date was Rs.86,57,07,717/- divided into 17,29,71,993 Equity Shares of Rs.5/- each fully paid up and a sum of

Rs.8,47,752/- originally paid up on forfeited Equity Shares. On 19 June 2012, HML issued and allotted further 1,18,00,000 Equity Shares of Rs.5/- each at a premium of Rs.7.25 per share to its promoter/promoter group companies who exercised their option to convert 1,18,00,000 Warrants allotted to them. Consequently, the present Issued Share Capital of HML is Rs.92,59,46,485/- divided into 18,51,89,297 Equity Shares of Rs.5/- each and the present Subscribed and Paid Up Share Capital of HML is Rs.92,47,07,717/- divided into 18,47,71,993 Equity Shares of Rs.5/- each fully paid up and a sum of Rs.8,47,752/- originally paid up on forfeited Equity Shares.

(c) The latest annual accounts of HML have been audited for the financial year ended on 31 March 2012. The financial year of HML has been extended till 30th September, 2013. HML, being a listed Company, has also published its financial results for the quarters ended on 30th June, 2012, 30th September, 2012, 31st December, 2012, 31st March, 2013 and 30th June, 2013 in accordance with the listing agreements with the Stock Exchanges. There has been no substantial change in the financial position of HML subsequent to 30 June 2013 excepting those arising or resulting from the usual course of business.

B. HMFCL :

(a) HMFCL was incorporated on the 6th day of January, 1937 under the provisions of the Indian Companies Act, 1913 as a Company limited by shares by the name and style of `Hindustan Motor Corporation Limited'. With effect from 24th November, 1986, the name of HMFCL was changed to its present one, i.e., `Hindustan Motor Finance Corporation Limited'. HMFCL is an existing public company within the meaning of the Companies Act, 1956. HMFCL is engaged in the business of bullet proofing of passenger cars.

(b) The Equity Shares of Rs.10/- each of HMFCL were sub-divided recently into Equity Shares of Rs.5/- each. The Authorised Share Capital of HMFCL presently is Rs.20,00,00,000/- divided into 2,50,00,000 Equity Shares of Rs.5/- each and 7,50,000 Preference Shares of Rs.100/- each. The Issued, Subscribed and Paid up Share Capital of HMFCL presently is Rs.25,00,000/- divided into 5,00,000 Equity Shares of Rs.5/- each fully paid up. All the Equity Shares issued by HMFCL are held by HML and its nominees. Accordingly, HMFCL is presently a wholly owned (100%) subsidiary of HML.

(c) The latest annual accounts of HMFCL have been audited for the financial year ended on 31 March 2012. The financial year of HMFCL has been extended till 30th September, 2013. There has been no substantial change in the financial position of HMFCL subsequent to 31 March 2012 excepting those arising or resulting from the usual course of business.

3. The circumstances and/or reasons and/or grounds that have necessitated and/or justify the said Scheme of Arrangement are, *inter alia*, as follows :-

(a) HML is a diversified automobile Company engaged in manufacture and trading of various brands of cars, sports utility vehicles and commercial vehicles catering to both, the passenger and goods carrying segments of the market. HML is also engaged in auto components manufacturing business consisting of forgings, castings and stampings and spare parts of vehicles. The said businesses are presently structured and carried on in three divisions as follows :-

(i) Uttarpara Division at Hindmotor in District Hooghly in the State of West Bengal is engaged primarily in the business of manufacture of the vehicles like Ambassador brand of passenger cars and spare parts thereof as well as in the business of manufacturing components like forgings, castings and stampings. In addition, Winner brand of light commercial vehicles are also manufactured at such facility. These brands are owned by HML.

(ii) Chennai Car Plant at Adigathur, Kadambathur 631 023 in District Tiruvallur in the State of Tamil Nadu engaged in the business of manufacture and trading of passenger vehicles like Cedia, Pajero, Pajero Sport, Montero and Outlander brands of Cars and spare parts of the same. These brands are owned by Mitsubishi Motors Corporation, Japan and the said cars are manufactured in technical collaboration with them. HML has also entered into an agreement with Isuzu Motors India Private Limited for manufacturing their brands of special utility vehicles (SUVs) and pickup trucks in the Chennai Car Plant.

(iii) Pithampur Plant at Pithampur, Sector III, Sagore 454 774 in District Dhar in the State of Madhya Pradesh engaged in the business of manufacture and sale of utility and commercial vehicles and spare parts of the same; and undertaking job contracts for other manufacturers.

A part of the requirement of powertrains fitted in vehicles manufactured by the Uttarpara Division and Pithampur Plant are sourced from a common supplier, namely Avtec Limited, a group company. The Uttarpara Division of HML in turn supplies forgings and castings to such group company.

(b) The considerations, factors and financials applicable to the business comprised in the Chennai Car Plant, including growth trajectories, maturity stage and requirement of funds of such business are different and divergent in nature in comparison to the business in the other divisions of HML.

(c) As part of an overall business reorganisation plan and in order to provide for the optimum running, growth and development of the divisions and interests of HML, it is necessary to segregate and realign the same appropriately. In the circumstances it is considered desirable and expedient to reconstruct HML by demerging the Chennai Car Plant (Demerged Undertaking) of HML to HMFCL in the manner and on the terms and conditions stated in the said Scheme of Arrangement.

(d) The Scheme will enable the business comprised in the Demerged Undertaking and remaining business of HML to be pursued and carried on more conveniently and advantageously with greater focus and attention through two separate companies, i.e. HML and HMFCL, each having their own management team and administrative set up. The same will facilitate the business considerations and factors applicable to the said businesses to be addressed more effectively and adequately by the respective companies.

(e) As such any potential financial investor or other strategic partner interested in supporting and taking a stake in the business comprised in Demerged Undertaking of HML would not be interested in the other business of HML and vice-versa by reason of the difference and divergence in the nature and financials of such businesses. The Scheme will enable independent evaluation of the said respective businesses through two separate companies and participation therein of suitable investors and strategic partners. The same will enable running and operation of the said businesses and growth and development plans thereof to be funded independently and unlock and enhance shareholders value.

(f) HMFCL is presently engaged in the business of bullet proofing of passenger cars. However, the level of operations of such business is relatively insignificant and HMFCL has been looking at suitable other business opportunities. The demerger herein will enable HMFCL to undertake substantial business with an established undertaking.

(g) The Scheme will have beneficial results for the said Companies, their shareholders and all concerned. The Scheme is proposed accordingly.

4. SALIENT FEATURES OF THE SCHEME :

The salient features of the Scheme of Arrangement are summarised for your convenience as follows :-

(a) The Scheme shall be operative from the Appointed Date, i.e. the 1st day of April, 2012.

(b) The Scheme is conditional upon and subject to approval of the Scheme by the requisite majority of the members of HML and sanction of the Scheme by the Hon'ble High Court at Calcutta under Sections 391 and 394 and other applicable provisions of the Companies Act, 1956 ("the Act").

Accordingly, the Scheme although operative from the Appointed Date shall become effective on the Effective Date, being the date or last of the dates on which certified copies of the order of the Hon'ble High Court at Calcutta sanctioning the Scheme are filed with the Registrar of Companies, West Bengal by HML and HMFCL.

(c) The approval of the Scheme by the members of HML and HMFCL pursuant to Section 391 of the Act, shall also be deemed to be the consent of the members under Sections 21, 78, 81(1-A), 100 or any other provisions of the Act to the extent the same may be considered applicable.

(d) With effect from the Appointed Date, the Demerged Undertaking of HML, including all properties, assets, rights and powers and all debts, liabilities, duties and obligations of HML relating thereto, shall be transferred to HMFCL in the manner and subject to the modalities for transfer and vesting detailed in the Scheme.

(e) The transfer and vesting of the Demerged Undertaking of HML, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over the assets or any part thereof which are subsisting on transfer of such assets to HMFCL and relating to the liabilities of the Demerged Undertaking which are also transferred to HMFCL. The transferred assets shall stand freed from all other charges, mortgages and encumbrances. The transfer of the Demerged Undertaking of HML to HMFCL shall not affect the subsisting charges, mortgages and encumbrances over the retained assets of HML or any part thereof and relating to the liabilities of HML which are also retained in HML. The retained assets shall stand freed from all other charges, mortgages and encumbrances.

(f) The assets and liabilities of the Demerged Undertaking shall be transferred to HMFCL from the Appointed Date in terms of the said Scheme at their respective book values with change in book values of assets consequent to revaluation being ignored in terms of Section 2(19AA) of the Income Tax Act, 1961.

(g) HMFCL undertakes to engage on and from the Effective Date all the employees of HML engaged in the Demerged Undertaking on the same terms and conditions on which they are engaged by HML without any interruption of service as a result of the transfer of the Demerged Undertaking to HMFCL. HMFCL agrees that the services of all such employees with HML up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits. Accordingly, the services of such employees for the purpose of Provident Fund or Gratuity or Superannuation or other statutory purposes and for all

purposes, including for the purpose of payment of any retrenchment compensation and other terminal benefits, will be reckoned from the date of their respective appointments with HML. The accumulated balances, if any, standing to the credit of the employees of the Demerged Undertaking in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds, if any, of which they are members will be transferred to such Provident Fund, Gratuity Fund, Superannuation Fund and other funds nominated by HMFCL and/or such new Provident Fund, Gratuity Fund, Superannuation Fund and other funds to be established and caused to be recognised by the concerned authorities by HMFCL. Pending the transfer as aforesaid, the dues of the employees of the Demerged Undertaking relating to the said funds would be continued to be deposited by HMFCL in the existing Provident Fund, Gratuity Fund, Superannuation Fund and other funds respectively.

(h) All contracts, deeds, bonds, agreements and other instruments of whatsoever nature relating to the Demerged Undertaking to which HML is a party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of HMFCL and may be enforced as fully and effectually as if instead of HML, HMFCL had been a party thereto.

(i) All legal, or other proceedings by or against HML and relating to the Demerged Undertaking, including proceedings under various tax laws, shall be continued and enforced by or against HMFCL only. If proceedings are taken against HML, HML will defend on notice or as per advice of HMFCL at the costs of HMFCL and HMFCL will indemnify and keep indemnified HML from and against all liabilities, obligations, actions, claims and demands in respect thereof.

(j) Upon the Scheme becoming effective and in consideration of the demerger and transfer of the Demerged Undertaking, HMFCL shall, without further application, issue and allot to the shareholders of HML whose names shall appear in the Register of Members of HML as on a Record Date to be fixed by HML in consultation with HMFCL, 1 (one) Equity Share of Rs.5/- each in HMFCL, credited as fully paid up for every 13 (thirteen) Equity Shares of Rs.5/- each held by them in HML.

(k) All the Equity Shares to be issued and allotted by HMFCL to the Equity Shareholders of HML under the Scheme shall rank pari passu in all respects with the existing Equity Shares of HMFCL. Further, such Equity Shares shall pursuant to circular issued by the Securities Exchange Board of India (SEBI) on 4 February 2013 bearing No.CIR/CFD/DIL/05/2013 and subject to compliance with requisite formalities be listed and/or admitted to trading on the relevant stock exchange(s) where the existing Equity Shares of HML are listed and/or admitted to trading, i.e BSE Limited, National Stock Exchange of India Limited and The Calcutta Stock Exchange Limited.

(l) In respect of the shareholding of the members in HML held in the dematerialised form, the Equity Shares in HMFCL shall, subject to applicable regulations, also be issued to them in the dematerialised form with such shares being credited to the existing depository accounts of the members of HML entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date. In respect of the shareholding of the members in HML held in the certificate form, the Equity Shares in HMFCL shall be issued to such members in certificate form. Members of HML desirous of receiving the new shares in HMFCL in dematerialised form should have their shareholding in HML dematerialised on or before the Record Date.

(m) No fractional shares shall be issued by HMFCL in respect of the fractional entitlements, if any, to which the members of HML may be entitled on issue and allotment of Equity Shares in HMFCL as above. The Board of Directors of HMFCL or a committee thereof shall consolidate all such fractional entitlements, and issue and allot the Equity Shares in lieu thereof to a Director and / or Officer(s) of HMFCL on the express understanding that such Director and / or Officer(s) to whom such new Equity Shares are allotted shall sell the same in the market and pay to HMFCL the net sale proceeds thereof, whereupon HMFCL shall distribute such net sale proceeds to the members of HML in proportion to their fractional entitlements.

(n) The Equity Shares in HMFCL allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

(o) Apart from changes in capital of HMFCL in terms of the Scheme, there shall be no change in the shareholding pattern of Equity Shares or control in HMFCL between the Record Date and listing of the new Equity Shares of HMFCL which may affect the status of the approval of the stock exchanges to the said Scheme.

(p) All existing Equity Shares of HMFCL, i.e. 5,00,000 Equity Shares of Rs.5/- each held by HML and its nominees, shall stand cancelled, without any further act or deed, upon the new Equity Shares being issued by HMFCL to the shareholders of HML in terms of the Scheme and until such cancellation shall continue to be held by HML and its nominees. Such cancellation of shares of HMFCL in the books of HML shall be adjusted in the Securities Premium Account of HML.

(q) Consequent to the demerger and upon the Scheme becoming effective, the name of HML shall be changed to `HM Bengal Limited' and the name of HMFCL shall be changed to `Hindustan Motors Limited' or such other similar names as may be accepted by their respective Boards and made available to them by the Registrar of Companies. Both companies shall take necessary steps to give effect to such change of names.

(r) The difference between the values of assets and liabilities of the Demerged Undertaking, as appearing in the books of account of HML, shall be adjusted against Revaluation Reserves of HML to the extent such reserves are represented by fixed assets of the Demerged Undertaking; a sum of Rs.3.53 lakhs shall be adjusted against Capital Reserves of HML; and the balance shall be adjusted against Securities Premium Account of HML.

(s) The assets and liabilities of the Demerged Undertaking shall be transferred to HMFCL and recorded in the books of account of HMFCL at their values as appearing in the books of account of HML as on the Appointed Date with change in book values of assets consequent to revaluation being ignored in terms of Section 2(19AA) of the Income Tax Act, 1961. Such assets and liabilities, including deferred tax asset/liability relating to the Demerged Undertaking as determined in this regard, shall be incorporated in the books of account of HMFCL accordingly at such values. The difference between the value of the assets and liabilities of the Demerged Undertaking recorded in the books of account of HMFCL as reduced by the aggregate face value of the Equity Shares issued and allotted by HMFCL in terms of the Scheme shall be adjusted in General Reserves.

(t) The Board of Directors of HML and HMFCL shall be entitled to make such corrections and adjustments as may in their opinion be required in any manner whatsoever, as may be deemed fit, in accordance with notified accounting standards and applicable generally accepted accounting principles in India.

(u) With effect from the Appointed Date and up to and including the Effective Date :

(i) HML undertakes to carry on the business of the Demerged Undertaking in the ordinary course of business and HML shall be deemed to have carried on and to be carrying on all business and activities relating to the Demerged Undertaking for and on account of and in trust for HMFCL.

(ii) All profits accruing to HML (including taxes paid thereon) or losses arising or incurred by it relating to the Demerged Undertaking for the period falling on and after the Appointed Date shall for all purposes, be treated as the profits (including taxes paid) or losses, as the case may be of HMFCL.

(iii) HML shall be deemed to have held and stood possessed of the properties to be transferred to HMFCL for and on account of and in trust for HMFCL and, accordingly, HML shall not (without the prior written consent of HMFCL) alienate, charge or otherwise deal with or dispose of the Demerged Undertaking or any part thereof except in the usual course of business.

(v) HML and HMFCL (by their respective Board of Directors or Committee thereof or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised :

(i) to assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Hon'ble High Court at Calcutta and / or any authorities under law may deem fit to approve or direct or as may be deemed expedient or necessary; and

(ii) to settle all doubts or difficulties that may arise in carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

5. The Board of Directors of HML and HMFCL have at their respective meetings by resolutions passed unanimously, approved of the said Scheme of Arrangement.

6. No compromise or arrangement is proposed with any creditors of HML or HMFCL. The value of assets of HML and HMFCL is more than their liabilities. The Scheme will not adversely affect the rights of the creditors of HML or HMFCL.

7. There are no proceedings pending under Sections 235 to 251 of the Companies Act, 1956 against HML or HMFCL.

8. The Directors' shareholdings in HML and HMFCL are as follows :

Name of Director	No. of Equity Shares held in HML	No. of Equity Shares held in HMFCL
HML's Directors		
Shri C K Birla	6,000	Nil
Shri Naresh Chandra	Nil	Nil
Shri Pradip Kumar Khaitan	Nil	Nil
Dr. Anand C. Burman	1,000	Nil
Shri Kranti Sinha	500	Nil
Shri A. Sankaranaryanan	1,300	Nil
Shri Gautam Dutta	Nil	Nil
Shri Uttam Bose	Nil	Nil
HMFCL's Directors		
Shri Shanti Prasad Singhi	20,000	1,000(*)
Shri Bhikam Chand Mishra	1	1,000(*)
Shri Pradeep Kumar Sonthalia	Nil	1,000(*)

The shares in HMFCL indicated against the asterisk (*) mark above are held by the Directors of HMFCL jointly with and as nominee for HML, the holding Company of HMFCL. Save as aforesaid none of the directors of HML and HMFCL have any material interest in the proposed Scheme of Arrangement.

9. In consideration of demerger of the Demerged Undertaking of HML, HMFCL will issue and allot to the shareholders of HML, 1 (One) Equity Share of Rs.5/- each in HMFCL, credited as fully paid up for every 13 (Thirteen) Equity Shares of Rs.5/- each held by them in HML. Such entitlement ratio of shares of HMFCL to be issued and allotted to the shareholders of HML in consideration of the arrangement has been fixed on a fair and reasonable basis and on the basis of the Report of Messrs. Doshi, Chatterjee, Bagri & Co., a reputed firm of Chartered Accountants thereon. Further, VC Corporate Advisors Private Limited, independent Merchant Bankers have also confirmed that such ratio is fair as under:

"We have reviewed the methodology used by the Valuer for providing their opinion on the Share Issue Ratio and also reviewed the working and underlying assumptions adopted to arrive at the opinion we have accordingly formed an opinion that the exchange ratio as recommended by the valuer i.e., 1 (One) Equity Share of Rs.5/- each of HMFCL for every 13 (Thirteen) Equity Shares of Rs.5/- each held in HML is fair and proper."

Copies of the aforesaid Report and Fairness Opinion are available for inspection as specified in paragraph 14 herein below.

10. Objection of Government of West Bengal ("GoWB"), Bengal Shriram High Tech City Private Limited ("Bengal Shriram") and stand of HML.

A. GoWB has objected to the Scheme. In short, their allegations against HML and objections are as follows :–

HML has realised a sum of Rs.279.42 crores instead of Rs.85 crores from sale of 314 acres of land held by HML at Uttarpara in breach of an order dated 13 September 2006 passed by GoWB pursuant to second proviso to Section 14Z(1) of the West Bengal Land Reforms Act, 1955. HML has thereby realised an excess sum of Rs.194.47 crores. HML has failed to fulfil its commitment under the said order to finance economic revival and rejuvenation of the Automotive Industrial Complex of HML at Uttarpara from the proceeds of sale of land. HML is bound to refund to the GoWB the said excess sum of Rs.194.47 crores along with interest. Till such sum claim is paid the instant demerger of the Chennai Car Plant should not be allowed.

At the hearing of the instant application under Sections 391(1) and 393 of the Companies Act, 1956 before the Hon'ble High Court at Calcutta on 8 August 2013, such claim was quantified as about Rs.240 crores. GoWB opposed the application.

B. Bengal Shriram, being the purchaser of the said land, has also objected to the Scheme. In short, Bengal Shriram's allegations against HML and objections are as follows :–

Due to breach of obligations of HML to GoWB under the said order dated 13 September, 2006, as aforesaid, Bengal Shriram is facing great difficulty in obtaining the necessary permissions from the GoWB for development of the said land purchased by it. Such development project is delayed and stuck due to default of HML for which Bengal Shriram is suffering losses and HML is bound to make good such losses to Bengal Shriram.

Bengal Shriram opposed the instant application under Sections 391(1) and 393 of the Companies Act, 1956 before the Hon'ble High Court at Calcutta.

C. HML denies and disputes all allegations of GoWB and Bengal Shriram and asserts as follows :–

HML has duly sold the land to Bengal Shriram pursuant to the order dated 13 September 2006. By the said order, the land was, inter alia, permitted to be sold without any limitation as to the price at which such sale could be effected. On the contrary, HML was entitled to realise the market value from the same. The GoWB has all along been aware of the sale of land and amount realised therefrom and has also been kept informed of the utilisation of the same from time to time by HML. The sum realised from sale of land has been substantially utilised in the Uttarpara Unit. There is no breach of the order dated 13 September 2006 on the part of HML. On the contrary, HML is suffering huge losses due to the default in fulfilment of obligations by the other parties and the land not being developed. In terms of the agreement between the parties, HML is to receive part of the sale proceeds of the developed area which it has not received so far.

11. After hearing HML, HMFCL, GoWB and Bengal Shriram, the Hon'ble High Court at Calcutta was pleased to dispose of the instant application by its order dated 8 August 2013. It was, inter alia, observed by the Hon'ble Court that even after approval by the shareholders, a scheme has no effect unless it is sanctioned by the Court. By the said order the instant meeting of Equity Shareholders of HML for considering the Scheme was directed to be held. In terms of the said order, the objection of GoWB and Bengal Shriram would be heard by the Hon'ble Court at the stage of sanction of the Scheme upon their satisfying the Hon'ble Court of their interest. All objections to the Scheme have been kept open by the Hon'ble Court at the stage of sanction of the Scheme.

12. HMFCL is an unlisted Company while HML is a Listed Company. The shares of HML are listed on the National Stock Exchange of India Limited ("NSE"), BSE Limited ("BSE") and The Calcutta Stock Exchange Limited ("CSE"). HML has duly filed the Scheme with the said Stock Exchanges pursuant to the listing agreements. HML had also disclosed on its website the Scheme and documents specified in clause 5.1 of Securities and Exchange Board of India ("SEBI") Circular No.SEBI/CFD/DIL/5/2013 dated 4 February 2013 and addressed all queries of shareholders on the said documents. The Complaints Report required to be filed in this regard in terms of clause 5.14 of the said circular was also duly filed by HML. A copy of the same is enclosed herewith.

    With reference to such filing, the said Stock Exchanges by their respective observation letters dated 6 May 2013 (NSE), 7 May 2013 (CSE) and 8 May 2013 (BSE) informed HML that by a letter dated 29 April 2013, SEBI has commented that "the company shall duly comply with various provisions of the Circular". Further, the Stock Exchanges by their said observation letters dated 6 May 2013, 7 May 2013 and 8 May 2013 have inter alia, noted that listing of the new Equity Shares to be issued and allotted by HMFCL to the shareholders of HML would be at the discretion of the Stock Exchanges and also subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and HMFCL fulfilling the criteria of the said Stock Exchanges for listing and also complying with all the provisions contained in SEBI circular dated 4 February 2013 and Rules, Byelaws and Regulations of the Exchanges and other applicable statutory requirements. Copies of the said observation letters dated 6 May 2013, 7 May 2013 and 8 May 2013 are enclosed herewith.

    The Stock Exchanges also required incorporation in the Scheme of provisions for (a) the shares of HMFCL allotted pursuant to the Scheme being frozen in the depositories system till listing/trading permission is given by the designated stock exchange and (b) shareholding pattern or control in HMFCL not being changed between the Record Date and the listing of the shares of HMFCL. The said provisions required to be incorporated in the Scheme are included in Clauses 10.7 and 10.8 of the enclosed Scheme.

    The said Stock Exchanges by their said observation letters dated 6 May 2013, 7 May 2013 and 8 May 2013 gave their 'No-objections' to the Scheme with limited reference to those matters having bearing on listing/delisting/continuous listing requirements within the provisions of the Listing Agreement, so as to enable HML and HMFCL to file the scheme with the Hon'ble High Court.

    Upon receipt of the said observation letters, HML and HMFCL accordingly filed the Scheme in the Hon'ble High Court at Calcutta on 8 May 2013 itself. Subsequent to such filing, HML received communications from NSE, CSE and SEBI each forwarding to HML for comments, letters written to them by the Land Reforms Commissioner & Principal Secretary of the Land and Land Reforms Department of the GoWB making various allegations against HML. HML duly replied to all such communications, inter alia, by refuting all allegations. By its letter dated 8 July 2013, SEBI replied to the GoWB, inter alia, noting that the matter referred to by the GoWB relates to land dispute between the Company and GoWB and hence the same does not fall within the purview of SEBI. The said letter was forwarded to HML as also to all the three stock exchanges. The matter with regard to the complaint of GoWB is also disclosed and dealt with in paragraph 10.A of this statement.

13. The existing capital structure and shareholding pattern of HML and HMFCL and expected capital structure and shareholding pattern of HMFCL consequent to the Scheme of Arrangement are as under :–

A. Pre-Arrangement capital structure/ shareholding pattern of HML

Category of Shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	As a percentage
(I) (II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
(a) Individuals/Hindu Undivided Family	3	5,27,592	5,27,592	0.29	0.29	0	0.00
(b) Central Government/State Government(s)	0	0	0	0	0.00	0	0.00
(c) Bodies Corporate	15	6,69,45,662	6,69,45,662	36.23	36.23	2,62,71,854	39.24
(d) Financial Institutions/Banks	0	0	0	0	0.00	0	0.00
(e) Any other (specify)	0	0	0	0	0.00	0	0.00
Sub-Total (A)(1)	18	6,74,73,254	6,74,73,254	36.52	36.52	2,62,71,854	38.94

A. Pre-Arrangement capital structure/ shareholding pattern of HML *(Contd.)*

Category of Shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	As a percentage
(I) (II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)
(2) Foreign							
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0.00	0	0.00
(b) Bodies Corporate	0	0	0	0	0.00	0	0.00
(c) Institutions	0	0	0	0	0.00	0	0.00
(d) Qualified Foreign Investor	0	0	0	0	0.00	0	0.00
(e) Any other (specify)	0	0	0	0	0.00	0	0.00
Sub-Total (A)(2)	0	0	0	0	0.00	0	0.00
Total shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	18	6,74,73,254	6,74,73,254	36.52	36.52	2,62,71,854	38.94
(B) Public Shareholding							
(1) Institutions							
(a) Mutual Funds/UTI	16	66,450	0	0.04	0.04	0	0.00
(b) Financial Institutions/Banks	57	39,07,040	1,73,546	2.11	2.11	0	0.00
(c) Central Government/State Government(s)	0	0	0	0	0.00	0	0.00
(d) Venture Capital Funds	0	0	0	0	0.00	0	0.00
(e) Insurance Companies	7	60,19,525	60,05,175	3.26	3.26	0	0.00
(f) Foreign Institutional Investors	12	71,517	30,000	0.04	0.04	0	0.00
(g) Foreign Venture Capital Investors	0	0	0	0	0.00	0	0.00
(h) Qualified Foreign Investor	0	0	0	0	0.00	0	0.00
(i) Any other (specify)	0	0	0	0	0.00	0	0.00
Sub-Total (B)(1)	92	1,00,64,532	62,08,721	5.45	5.45	0	0.00
(2) Non-institutions							
(a) Bodies Corporate	1,816	1,92,91,654	1,90,61,485	10.44	10.44	0	0.00
(b) Individuals –							
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	1,36,182	6,39,82,308	5,78,65,817	34.63	34.63	0	0.00
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	258	1,92,79,212	1,89,87,172	10.43	10.43	0	0.00
(c) Any other (specify) –	0	0	0	0	0.00	0	0.00
Trusts	15	27,134	27,134	0.01	0.01	0	0.00
Clearing Member	61	1,83,266	1,83,266	0.10	0.10	0	0.00
Non Resident Individual/OCBs	1,644	34,95,577	32,66,602	1.89	1.89	0	0.00
Unclaimed Suspense Account (as per Clause 5A of the Listing Agreement)	1	9,75,056	9,75,056	0.53	0.53	0	0.00
Sub-Total (B)(2)	1,39,977	10,72,34,207	10,03,66,532	58.03	58.03	0	0.00
Total public shareholding (B) = (B)(1)+(B)(2)	1,40,069	11,72,98,739	10,65,75,253	63.48	63.48	0	0.00
Total (A)+(B)	1,40,087	18,47,71,993	17,40,48,507	100.00	100.00	2,62,71,854	14.22
(C) Shares held by custodians and against which depository Receipts have been issued							
(1) Promoter and Promoter Group							
(2) Public							
GRAND TOTAL (A)+(B)+(C)	1,40,087	18,47,71,993	17,40,48,507	100.00	100.00	2,62,71,854	14.22

B. Pre-Arrangement Capital structure/ shareholding pattern of HMFCL

Category of Shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	As a percentage
(I) (II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals/Hindu Undivided Family/Bodies Corporate	1	4,94,998	0	99.00	99.00	0	0.00
Sub-Total (A)(1)	1	4,94,998	0	99.00	99.00	0	0.00
(2) Foreign							
Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0
Sub-Total (A)(2)	0	0	0	0	0	0	0
Total shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	1	4,94,998	0	99.00	99.00	0	0.00
(B) Public Shareholding	6	5,002	0	1.00	1.00	0	0.00
GRAND TOTAL (A)+(B)	7	5,00,000	0	100.00	100.00	0	0.00

C. Post-Arrangement Capital structure/ shareholding pattern of HMFCL

Category of Shareholder	No. of shareholders	Total number of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
				As a percentage of (A+B)	As a percentage of (A+B+C)	No. of shares	As a percentage
(I) (II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
(a) Individuals/Hindu Undivided Family	3	40,584	40,584	0.29	0.29	0	0.00
(b) Central Government/State Government(s)	0	0	0	0	0	0	0.00
(c) Bodies Corporate	15	51,49,666	51,49,666	36.23	36.23	20,20,912	39.24
(d) Financial Institutions/Banks	0	0	0	0	0	0	0.00
(e) Any other (specify)	0	0	0	0	0	0	0.00
Trusts	0	0	0	0	0	0	0.00
Sub-Total (A)(1)	18	51,90,250	51,90,250	36.52	36.52	20,20,912	38.94
(2) Foreign							
(a) Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0	0	0	0.00
(b) Bodies Corporate	0	0	0	0	0	0	0.00
(c) Institutions	0	0	0	0	0	0	0.00
(d) Qualified Foreign Investor	0	0	0	0	0	0	0.00
(e) Any other (specify)	0	0	0	0	0	0	0.00
Sub-Total (A)(2)	0	0	0	0	0	0	0.00
Total shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	18	51,90,250	51,90,250	36.52	36.52	20,20,912	38.94

C. Post-Arrangement Capital structure/ shareholding pattern of HMFCL *(Contd.)*							
Category of Shareholder	**No. of shareholders**	**Total number of shares**	**No. of shares held in dematerialized form**	**Total shareholding as a percentage of total number of shares**		**Shares pledged or otherwise encumbered**	
				As a percentage of (A+B)	**As a percentage of (A+B+C)**	**No. of shares**	**As a percentage**
(I) (II)	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX) = (VIII)/(IV)**
(B) Public Shareholding							
(1) Institutions							
(a) Mutual Funds/UTI	16	5,112	0	0.04	0.04	0	0.00
(b) Financial Institutions/Banks	57	3,00,542	13,350	2.11	2.11	0	0.00
(c) Central Government/State Government(s)	0	0	0	0	0.00	0	0.00
(d) Venture Capital Funds	0	0	0	0	0.00	0	0.00
(e) Insurance Companies	7	4,63,040	4,61,937	3.26	3.26	0	0.00
(f) Foreign Institutional Investors	12	5,501	2,308	0.04	0.04	0	0.00
(g) Foreign Venture Capital Investors	0	0	0	0	0.00	0	0.00
(h) Qualified Foreign Investor	0	0	0	0	0.00	0	0.00
(i) Any other (specify)	0	0	0	0	0.00	0	0.00
Sub-Total (B)(1)	92	7,74,195	4,77,595	5.45	5.45	0	0.00
(2) Non-institutions							
(a) Bodies Corporate	1,816	14,83,973	14,66,268	10.44	10.44	0	0.00
(b) Individuals-							
i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	1,36,182	49,21,717	44,51,217	34.63	34.63	0	0.00
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	258	14,83,016	14,60,552	10.43	10.43	0	0.00
(c) Any other (specify) –	0	0	0	0	0.00	0	0.00
Trusts	15	2,087	2,087	0.01	0.01	0	0.00
Clearing Member	61	14,097	14,097	0.10	0.10	0	0.00
Non Resident Individual/OCBs	1,644	2,68,891	2,51,277	1.89	1.89	0	0.00
Unclaimed Suspense Account (as per Clause 5A of the Listing Agreement)	1	75,004	75,004	0.53	0.53	0	0.00
Sub-Total (B)(2)	1,39,977	82,48,785	77,20,502	58.03	58.03	0	0.00
Total public shareholding (B) = (B)(1)+(B)(2)	1,40,069	90,22,980	81,98,097	63.48	63.48	0	0.00
Total (A)+(B)	1,40,087	1,42,13,230	1,33,88,347	100.00	100.00	20,20,912	14.22
(C) Shares held by custodians and against which depository Receipts have been issued							
(1) Promoter and Promoter Group							
(2) Public							
GRAND TOTAL (A)+(B)+(C)	1,40,087	1,42,13,230	1,33,88,347	100.00	100.00	20,20,912	14.22

14. Copies of the following documents are open for inspection at the registered office of HML between 11.00 A.M. and 1.00 P.M. on any working day :-

    (a) Order dated 8 August 2013 of the Hon'ble High Court at Calcutta in Company Application No.215 of 2013

    (b) Memoranda and Articles of Association of HML and HMFCL;

    (c) Annual Reports and Audited Accounts of HML for the financial year ended on 31 March 2012;

    (d) Financial Results of HML for the quarters ended on 30 June 2012, 30 September 2012, 31 December 2012, 31 March 2013 and 30 June 2013;

    (e) Annual Reports and Audited Accounts of HMFCL for the financial year ended on 31 March 2012;

    (f) Register of Directors' Shareholdings of HML and HMFCL;

    (g) Report of Messrs. Doshi, Chatterjee, Bagri & Co., Chartered Accountants on the Entitlement Ratio of shares;

    (h) Fairness Opinion of VC Corporate Advisors Private Limited, independent Merchant Bankers on the said report on Entitlement ratio of shares; and

    (i) Scheme of Arrangement.

Drawn by :

For Khaitan & Co.

Sd/-

(Aniket Agarwal)
Advocates for Applicants
1B, Old Post Office Street,
Kolkata 700 001.

Settled by :

Sd/- 26-08-2013

(Sumit Das Sarkar)
Assistant Registrar (Company)
High Court, O.S. Calcutta.

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

NIFTY 50
Stock of the nation

Ref: NSE/LIST/203080-T

May 06, 2013

The Company Secretary
Hindustan Motors Limited
Birla Building, 14th Floor,
9/1, R.N.Mukherjee Road,
Kolkata - 700001

Kind Attn.: Mr. Yogesh Goenka

Dear Sir,

Sub.: Observation letter for Scheme of Arrangement between Hindustan Motors Limited and Hindustan Motor Finance Corporation Limited

We are in receipt of the draft Scheme of Arrangement under Sections 391 & 394 of the Companies Act, 1956 between Hindustan Motors Limited and Hindustan Motor Finance Corporation Limited and their respective shareholders.

We have perused the draft Scheme of Arrangement and the related documents /details submitted by Hindustan Motors Limited including the confirmation of the Company Secretary that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, the Exchange had forwarded the said draft scheme to SEBI for their comments. SEBI has vide letter dated April 29, 2013, has commented as follows:
"*The company shall duly comply with various provisions of the Circular.*"

Accordingly, we do hereby convey our 'no-objection' with limited reference to those matters having a bearing on listing / delisting / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with the Hon'ble High Court.

However, the listing of equity shares of Hindustan Motor Finance Corporation Limited on the National Stock Exchange India Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013. Further, Hindustan Motor Finance Corporation Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authorities and Rules, Byelaws and Regulations of the Exchange.

The Company should also fulfill the Exchange's criteria for listing such company and also comply with other applicable statutory requirements. However, the listing of shares of Hindustan Motor Finance Corporation Limited is at the discretion of the Exchange.



Ref: NSE/LIST/203080-T May 06, 2013

The listing of Hindustan Motor Finance Corporation Limited, pursuant to the Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Hindustan Motor Finance Corporation Limited and its group companies in line with the disclosure requirements applicable for public issues with NSE for making the same available to the public through website of the company.

2. To publish an advertisement in the newspapers containing all the information about Hindustan Motor Finance Corporation Limited in line with the details required as per SEBI circular no. SEBI/CFD/DIL/5/2013 dated February 4, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.

3. To disclose all the material information about Hindustan Motor Finance Corporation Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries.

4. The following provision shall be incorporated in the scheme:

   (a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."

   (b) "There shall be no change in the shareholding pattern or control in Hindustan Motor Finance Corporation Limited between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its right to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,
For National Stock Exchange of India Limited

Patel KM.

Kamlesh Patel
Manager

HS

The Calcutta Stock Exchange Ltd.

7, Lyons Range, Kolkata - 700 001
Phone : +91 33 4025 3000, Fax : +91 33 4025 3030
Website : www.cse-india.com, E-mail : cseadmn@cse-india.com

Ref.No. CSE/LD/ 7080 /2013 7th May 2013

The Chief Financial Officer and Company Secretary
Hindustan Motors Ltd.
Birla Building, 14th Floor,
9/1, R.N. Mukherjee Road,
Kolkata-700 001

Dear Sir,

Sub: Observation letter for Scheme of Arrangement between Hindustan Motors Limited and Hindustan Motor Finance Corporation Limited.

We are in receipt of the draft Scheme of Arrangement under Sections 391 & 394 of the Companies Act, 1956 between Hindustan Motors Ltd. and Hindustan Motor Finance Corporation Ltd and their respective shareholders.

We have perused the draft Scheme of Arrangement and the related documents / details submitted by Hindustan Motors Ltd including the confirmation of the Company Secretary that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013; the Exchange had forwarded the said draft scheme to SEBI for their comments. SEBI has vide letter dated April 29, 2013, has commented as follows:
"The company shall duly comply with various provisions of the Circular."

Accordingly, we do hereby convey our 'no-objection' with limited reference to those maters having a bearing on listing / de-listing / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the scheme with the Hon'ble High Court.

However, the listing of equity shares of Hindustan Motor Finance Corporation Limited on the Calcutta Stock Exchange Limited (CSE) shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013. Further, Hindustan Motor Finance Corporation Limited shall comply with SEBI Act, Rules, Regulations of the Exchange.

The Company should also fulfill the Exchange's criteria for listing such company and also comply with other applicable statutory requirements. However, the listing of shares of Hindustan Motor Finance Corporation Limited is at the discretion of the Exchange.

(Contd.....p/2)

The Calcutta Stock Exchange Ltd.

7, Lyons Range, Kolkata - 700 001
Phone : +91 33 4025 3000, Fax : +91 33 4025 3030
Website : www.cse-india.com, E-mail : cseadmn@cse-india.com

Continuation Sheet

Ref.No. CSE/LD/ 7080 /2013 7th May 2013

The listing of Hindustan Motor Finance Corporation Limited, pursuant to the Scheme of Arrangement shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Hindustan Motor Finance Corporation Limited and its group companies in the with the disclosure requirements applicable for public issues with NSE for making the same available to the public through website of the company.
2. To publish an advertisement in the newspapers containing all the information about Hindustan Motor Finance Corporation Limited in line with the details required as per SEBI circular no. SEBI/CFD/DIL/5/2013 dated February 4,2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all the material information about Hindustan Motor Finance Corporation Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions hall be incorporated in the scheme:
   (a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
   (b) "There shall be no change in the shareholding pattern or control in Hindustan Motor Finance Corporation Limited between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its right to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading /false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,

For THE CALCUTTA STOCK EXCHANGE LTD.

7/5/13

(SATYABRATA SAHOO)
GM-SEO

Kanchan 7/5/13

BSE Limited Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
T: +91 22 2272 1234 / 33 F: +91 22 2272 1003 www.bseindia.com

EXPERIENCE THE NEW

Ref: DCS/AMAL/SI/24(f)/039/2013-14 May 8, 2013

The Company Secretary,
Hindustan Motors Limited
Birla Building, 14th Floor,
9/1, R.N. Mukherjee Road,
Kolkata- 700001

Dear Sir,

Sub: Application under Clause 24(f) of the Listing Agreement to the proposed Composite Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956.

We acknowledge receipt of the draft Scheme of Arrangement involving demerger of "Chennai Car Plant" of your company into Hindustan Motor Finance Corporation Ltd (HMFCL).

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013, SEBI has vide its letter dated April 29, 2013 given the following comments on the draft scheme of arrangement:

"the company shall duly comply with various provisions of the aforesaid SEBI circular."

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

However, the listing of equity shares of HMFCL on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No.CIR/CFD/DIL/5/2013 dated February 4, 2013. Further, HMFCL shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of HMFCL is at the discretion of the Exchange. In addition to the

above, the listing of HMFCL pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about HMFCL and its group companies in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.

2. To publish an advertisement in the newspapers containing all the information about HMFCL in line with the details required as per the aforesaid SEBI circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.

3. To disclose all the material information about HMFCL to BSE on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.

4. The following provisions shall be incorporated in the scheme:

   (a) The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."

   (b) "There shall be no change in the shareholding pattern in HMFCL between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,

(Jayesh Ashtekar)
Manager

(Sabah Inamdar)
Dy. Manager

Hindustan Motors
Registered Office :
Hindustan Motors Limited
Birla Building, 14th Floor
9/1, R. N. Mukherjee Road
Kolkata - 700 001
T +91 033 22420932 (D) F +91 033 22480055
T +91 033 30573700 hmcosecy@hindmotor.com
T +91 033 30410900 www.hindmotor.com

Complaints Report for the period from 28-2-2013 to 21-3-2013

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	1
2.	Number of complaints forwarded by Stock exchanges	0
3.	Total Number of complaints/comments received (1+2)	1
4.	Number of complaints resolved	1
5.	Number of complaints pending	0

Part B

Sr. No.	Name of Complainant	Date of Complaint	Status(Resolved/ pending)
1	Ajitha Kumar Baratharajan	11-03-2013	Resolved

For Hindustan Motors Limited

Sd/-

Yogesh Goenka
Chief Financial Officer and
Company Secretary

Place : Kolkata

Date: 25/03/2013

HINDUSTAN MOTORS LIMITED

"Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata 700 001

NOTICE OF POSTAL BALLOT

Dear Shareholder(s)

Notice is hereby given to you to consider, and, if thought fit, approve the proposed Scheme of Arrangement between Hindustan Motors Limited and Hindustan Motor Finance Corporation Limited and their respective shareholders for demerger of Chennai Car Plant (Demerged Undertaking) of Hindustan Motors Limited to Hindustan Motor Finance Corporation Limited. Clause 5.16 of Securities and Exchange Board of India (SEBI) Circular No.CIT/CFD/DIL/5/2013 dated 4th February, 2013 as replaced by SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 ("SEBI Circular") requires the Scheme to be put for voting by public shareholders through postal ballot and provides that *"the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it."* This notice is given accordingly in terms of such SEBI Circular and pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 for consideration of the following resolution by postal ballot :-

To consider, and, if thought fit, to pass the following resolution in terms of Clause 5.16 of the SEBI Circular :

"Resolved that the Scheme of Arrangement between Hindustan Motors Limited and Hindustan Motor Finance Corporation Limited and their respective Shareholders for demerger of Chennai Car Plant (Demerged Undertaking) of Hindustan Motors Limited to Hindustan Motor Finance Corporation Limited ("the said Scheme") be and is hereby approved and the Board of Directors of Hindustan Motors Limited or Committee thereof, be and are hereby empowered and authorised to do and execute all acts, deeds, matters and things necessary, desirable or proper for putting the said Scheme into effect; to assent from time to time to any modifications or amendments or substitutions to the said Scheme or any conditions or limitations which the Hon'ble High Court at Calcutta and / or any authorities under law may deem fit to approve or direct or as may otherwise be deemed expedient or necessary by them; and to settle all doubts or difficulties that may arise in carrying out the said Scheme."

Approval to the said Scheme by this postal ballot is sought in addition to approval to the said Scheme by shareholders of Hindustan Motors Limited at their physical meeting to be held on 23 September 2013 in terms of the order dated 8th day of August, 2013 of the Hon'ble High Court at Calcutta in Company Application No.215 of 2013 ("Court Convened Meeting"). The notice of the Court Convened Meeting with the documents accompanying the same, being copy of the said Scheme; statement under Section 393 of the Companies Act, 1956; observation letters of stock exchanges; complaints' report; and proxy form are attached herewith. **The said statement under Section 393 of the Companies Act, 1956 sets out the material facts relating to the proposal for approval of the said Scheme. The same is annexed hereto as aforesaid and may be treated as the explanatory statement under Section 173 of the Companies Act, 1956 to this notice of postal ballot as well.**

It is clarified that votes may be cast by shareholders both by postal ballot and also at the Court Convened Meeting and casting of votes by postal ballot does not disentitle them from casting their votes at the Court Convened Meeting and vice-versa. They may also chose to vote once only at their option. It is further clarified that while votes may be cast personally or by proxy at the Court Convened Meeting as provided in notice of Court Convened Meeting, exercise of votes through postal ballot is not permitted through a proxy.

The form for postal ballot along with instructions for voting are also enclosed herewith **("Postal Ballot Form"). The instructions for e-voting are also included therein.** Hindustan Motors Limited has appointed Shri B. P. Dhanuka, a Practising Company Secretary as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to read the instructions carefully and return the Postal Ballot Form duly completed in the enclosed self-addressed, postage pre-paid envelope so as to reach the Scrutinizer **on or before the close of working hours on 28th September, 2013**. Postal ballots received after this date will be treated as invalid. Alternatively, you may cast your votes by responding electronically (e-voting) in the manner described in the said instructions so as to be received by **28th September, 2013**. Responses received after this date will be treated as invalid.

The Scrutinizer will submit his report on completion of scrutiny and the results of Postal Ballot shall be announced at the registered office of the Company on 1st October, 2013.

By Order of the Board
For **HINDUSTAN MOTORS LIMITED**

Yogesh Goenka
Chief Financial Officer and
Company Secretary

Place : Kolkata
Date : 26th August, 2013

[TEAR HERE]

Company Application No.215 of 2013
In the High Court at Calcutta
Original Jurisdiction

In the Matter of the Companies Act, 1956

And

In the Matter of an application under Sections 391(1) and 393 of the said Act,

And

In the Matter of
1. Hindustan Motors Limited
2. Hindustan Motor Finance Corporation Limited

... Applicants.

PROXY

I/ We (*)the undersigned Equity Shareholders of Hindustan Motors Limited do hereby nominate and appoint Shri/Smt. _____ of and failing him/her Shri/Smt. _____ of _____ as my/our PROXY to act for me/us at the meeting of the Equity Shareholders of Hindustan Motors Limited to be held at Kolkata Ice Skating Rink, 78, Syed Amir Ali Avenue Kolkata 700 019 on Monday, the 23rd day of September, 2013 at 2 p.m. for the purpose of considering and if thought fit, approving with or without modification, the proposed Scheme of Arrangement between Hindustan Motors Limited and Hindustan Motor Finance Corporation Limited and their respective shareholders and at such meeting or any adjournment thereof to vote for me/us and in my/our name _____ [here, 'if for', insert 'for'; 'if against', insert 'against' and in the latter case, strike out the words below after 'Scheme of Arrangement'] the said Scheme of Arrangement either with or without modification as my/our proxy may approve.

Dated this day of , 2013.

Name:

Address:

Ledger Folio No or DP ID/Client ID No. :

Affix Revenue Stamp

Signature

NOTES :
1. Please affix appropriate Revenue Stamp before putting Signature.
2. The proxy must be deposited at the Registered Office of Hindustan Motors Limited at least 48 hours before the time of holding the meeting.
3. A proxy need not be a member of Hindustan Motors Limited.
4 All alterations made in the Form of Proxy must be initialled by the Equity Shareholder.

(*) Strike out whichever not applicable.

[TEAR HERE]

HINDUSTAN MOTORS LIMITED

Regd. Office: "Birla Building", 14th Floor, 9/1, Rajendra Nath Mukherjee Road, Kolkata-700 001

ATTENDANCE SLIP

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING AUDITORIUM.

DP. ID* _____ Folio No._____

Client ID* _____No. of Share(s) held_____

NAME AND ADDRESS OF THE EQUITY SHAREHOLDER (in block letters):

_____

_____

_____

NAME AND ADDRESS OF THE PROXY HOLDER (in block letters, to be filled in by the proxy attending instead of the Equity Shareholders):

_____

_____

I hereby certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the meeting, convened pursuant to the Order dated 8th day of August, 2013 of the Hon'ble High Court at Calcutta of the Equity Shareholders of the Company on Monday, the 23rd day of September, 2013 at 2.00 p.m. at Kolkata Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata 700 019.

Signature of the Equity Shareholder or proxy: _____

*Applicable for shareholders holding shares in dematerialised form.

Notes :

1. Equity Shareholder/Proxy holder wishing to attend Meeting must bring the Attendance Slip to the Meeting when he/she comes to the meeting and hand it over at the gate after fixing his/her signature on it.
2. Equity Shareholder/Proxy holder desiring to attend the Meeting should bring his/her copy of the Notice for reference at the Meeting.
3. Joint shareholders may obtain additional Attendance Slip at the venue of the Meeting.