

HINDUSTAN MOTORS LIMITED

Documents as per SEBI Circular No.CIR/CFD/DIL/5/2013 dated 4th February 2013 in respect of proposed Scheme of Arrangement for demerger of Chennai Car Plant (Demerged Undertaking) of Hindustan Motors Limited (HML) to Hindustan Motor Finance Corporation Limited (HMFC)

| SI No. | Particulars | Remarks |
|--------|---|---|
| A | Draft Scheme of arrangement/ amalgamation/ merger/ reconstruction/ reduction of capital, etc.; | Copy of the Scheme as approved by Audit Committee of Directors and Board Of Directors at their respective meetings held on 9 th February, 2013 Annexure I Page Nos. 1-18 |
| B | Valuation Report from Independent Chartered Accountant | Entitlement Ratio Report dated 8th January, 2013 from Doshi, Chatterjee, Bagri & Co., Kolkata, an independent firm of Chartered Accountants Annexure-II Page Nos. 19-25 |
| C | Report from the Audit Committee recommending the Draft Scheme, taking into consideration, inter alia, the Valuation Report as stated in Para (b) above. The Valuation Report mentioned in Para (b) above is required to be placed before the Audit Committee of the listed company; | Report from the Audit Committee dated 9 th February, 2013 Annexure-III Page Nos. 26-27 |
| D | Fairness opinion by merchant banker | Fairness Opinion Report dated 9 th January, 2013 from V. C. Corporate Advisors Pvt. Limited Annexure-IV Page Nos. 28-29 |
| E | Pre and post amalgamation shareholding pattern of unlisted company; | Pre and Post Shareholding pattern as per clause 35 of the listing agreement of HMFC (Unlisted Company) Annexure-V & VI Page Nos. 30-41 |
| F | Audited financials of last 3 years (financials not being more than 6 months old) of unlisted company; | Annexure VII Page Nos. 42-44 |
| G | Compliance with Clause 49 of Listing Agreement | Annexure VIII Page No. 45 |
| H | Complaints Report as per Annexure II of SEBI Circular No.CIR/CFD/DIL/5/2013 dated 4 th February 2013. | To be provided |



Annexure I
9 February 2013

SCHEME OF ARRANGEMENT

Between

Hindustan Motors Limited

And

Hindustan Motor Finance Corporation Limited

And

Their Respective Shareholders

Khaitan & Co
Emerald House
1B Old Post Office Street
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Ref: AA/2012

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 immovable, 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:

| | |
|--|------------------------|
| i. HML | |
| <u>Authorised Share Capital:</u> | <u>(Amount in Rs.)</u> |
| 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/- |
| | ----- |
| <u>Issued Share Capital:</u> | |
| 18,51,89,297 Equity Shares of Rs.5/- each | 92,59,46,485/- |
| <u>Subscribed and Paid up Share Capital:</u> | |

| | |
|--|----------------|
| 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

| <u>LIABILITIES</u> | (Rs. in Lakhs) |
|-------------------------------------|-------------------------|
| NON-CURRENT LIABILITIES | |
| Long-Term Borrowings | 15,41.46 |
| Deferred Tax Liability (Net) | 11,62.37 |
| Long-Term Provisions | 43.70 |
| | <u>27,47.53</u> |
| CURRENT LIABILITIES | |
| Short-Term Borrowings | 32,93.24 |
| Trade Payables | 37,15.77 |
| Other Current Liabilities | 33,31.58 |
| Short-Term Provisions | 99.60 |
| | <u>104,40.19</u> |
| Total Liabilities | <u>131,87.72</u> |
| <u>ASSETS</u> | |
| 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 |
| | <u>80,01.68</u> |
| Long-Term Loans and Advances | 2,40.18 |
| Other Non-Current Assets | - |
| | <u>82,41.86</u> |
| 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 |
| | <u>56,93.04</u> |
| Total Assets | <u>139,34.90</u> |

Hindustan Motors Limited

**Recommendation on Entitlement Ratio on Demerger of
Chennai Car Plant into Hindustan Motor Finance
Corporation Limited**

JANUARY 2013

DOSHI, CHATTERJEE, BAGRI & Co.

Strictly Private and Confidential

January 8, 2013.

**Board of Directors
Hindustan Motors Limited
Birla Building, 14th Floor
9/1, R. N. Mukherjee Road
Kolkata – 700 001**

**Recommendation of Exchange ratio/ Entitlement ratio for the Scheme of Arrangement for
Demerger of Chennai Car Plant of Hindustan Motors Limited**

Dear Sirs,

We refer to the engagement letter dated 28th December 2012 for giving our recommendation of a fair Entitlement Ratio of Equity Shares to be allotted by Hindustan Motor Finance Corporation Limited pursuant to the Scheme of Arrangement for Demerger of Chennai Car Plant of Hindustan Motors Limited .

“**Chennai Car Plant**” means the undertaking of Hindustan Motors Limited carrying on 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.

CONTEXT AND PURPOSE

Hindustan Motors Limited (“HML”) is 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 in the State of West Bengal. .

Hindustan Motor Finance Corporation Limited (“HMFCL”) is 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 in the State of West Bengal. 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.

The Appointed Date of the proposed Demerger is 1st April, 2012 and the Effective Date shall be 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 of Arrangement are filed with the Registrar of Companies West Bengal. We understand that pursuant to the Scheme of Arrangement, the existing shareholders of HML are to receive shares in the equity share capital of the HMFCL as referred to in the Scheme of Arrangement, pursuant to demerger.

SCOPE OF WORK

In the context of the proposed demerger of HML with HMFCL you have approached us to assist in arriving at the Entitlement Ratio for the purpose of issue of equity shares in HMFCL to the shareholders of HML as on the Record Date to be fixed by the Board of Directors of the HML in consultation with HMFCL.

Entitlement Ratio is defined as the number of equity shares of HMFCL to which a shareholder of HML would be entitled to in proportion to his/ her/ its existing shareholding in HML.

SOURCES OF INFORMATION

For the purpose of arriving at the Entitlement Ratio, we have essentially relied on the information provided to us by the Management of HML and HMFCL which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material respect.

BASIS, ASSUMPTIONS & PROCEDURES

The procedure we used in our work cover the area of collection of information and data analysis and such other substantive steps as we consider necessary under the circumstances, including but not necessarily limited to, the following:

- Discussions with the management of HML and HMFCL.
- A study of financial condition and review of historical operating performance of HML
- Such other analysis, reviews and enquires as warranted on the facts or requirements.

For the purpose of this Report we have considered the following:

- a) Memorandum and Articles of Association of HML and HMFCL
- b) Audited Statement of Accounts and Annual Reports for accounting years ended on 31st March 2010, 2011 and 2012 in the case of HML
- c) Audited Statement of Accounts and Annual Reports for accounting years ended on 31st March 2010, 2011 and 2012 in the case of HMFCL
- d) Discussions with the Management of HML and various other matters considered relevant by us for the purpose of this report

We have also relied on the aforesaid documents, information and records of both the companies and on such information, explanations and data furnished to us which for the purpose of this report are considered necessary.

We have accepted the Management's statement as to existence of the assets and liabilities of the respective divisions and Management's perception as to performances, utility or usefulness and also their Book Values.

BRIEF PARTICULARS

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:-

Uttarpara Division at Hindmotor in District Hooghly in the State of West Bengal is engaged primarily in the business of manufacture of 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.

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.

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.

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 management of HML has proposed to demerge the Business Undertaking of Chennai Car Plant (CCP) into HMFCL with effect from the April 1, 2012 (hereinafter called the "Appointed Date) in the manner and on the terms and conditions stated in the Scheme of Arrangement.

DEMERGER OBJECTIVES

The objectives underlying the proposed demerger as communicated by the Management are as under:

As discussed above, HML is a diversified automobile Company engaged in manufacture and trading of various brands of cars, sports utility vehicles and commercial vehicles.

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.

The Scheme will enable the business comprised in CCP 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.

As such any potential financial investor or other strategic partner interested in supporting and taking a stake in the business comprised in CCP 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.

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

OUR APPROACH

The quantum of Share Capital is to a large extent is dictated by factors like size of the project, institutional exposure, loan funds, basic parameters of debt equity, dividend payouts, serviceability, etc.

The subscribed and paid-up Share Capital of HML as on 31.03.2012 is Rs. 86,48,59,965 divided into 17,29,71,993 Equity Shares of Rs. 5/- each.

In addition to the above HML has allotted 1,18,00,000 Warrants to promoters / promoter group companies on preferential basis on 12.03.2012, each convertible to 1 Equity Share of Rs. 5/- each at the option of the Warrant holder at any time within a period of 18 months from the date of allotment.

HML's Share Capital is thus represented by 17,29,71,993 Equity Shares and 1,18,00,000 Warrants convertible into Equity Shares.

The Warrants were converted to 1,18,00,000 Equity Shares of Rs 5 each on 19th June, 2012.

The subscribed and paid-up Share Capital of HMFCL as on 31.03.2012 is Rs 25,00,000/- divided into 2,50,000 Equity Shares of Rs 10/- each.

The Authorized Share Capital of HMFCL 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 vide Ordinary Resolution passed at the Extra Ordinary General Meeting of the shareholders of HMFCL held on 7th January 2013.

Based on the audited financials of FY11 - 12 excluding revaluation reserves, the share of the CCP business (the demerging undertaking) and the business being retained post demerger is as under -

Rs. in lacs

| Particulars | Pre Demerger | Post Demerger | |
|---------------------------|-----------------|---------------|-------------------|
| | Total | CCP | Business Retained |
| Total Assets | 34,491.89 | 13,934.90 | 20,556.97 |
| Total Outside Liabilities | 32,371.47 | 13,187.72 | 19,183.73 |
| Net Worth | 2,120.42 | 747.18 | 1,373.24 |

Source: Management

For the purpose of determining the Net Worth we have relied on the audited financials of the FY 11 - 12 as provided by the managements of the companies. Although we have employed utmost precision in carrying out the assignment, we cannot be held responsible for independent verification of the information provided to us or for the completeness of the information.

Since HMFCL is a wholly owned subsidiary of HML and a company with no substantial activity and all the shares, to be issued by HMFCL in consequent to demerger, are to be issued to the shareholders of HML, in effect, no different shareholder interest is to emerge. The principle to be considered is that the shareholders proportionate holding is to remain same.

In the present analysis where the proposal is of restructuring the existing diversified activities into specific activities and that too when the set of shareholders is identical, what is relevant is not determination of the value of the shares of the companies separately, but the determination of the total number of shares of each company to be issued in exchange for / against existing shares of the company

It must be also remembered that any exercise of such nature is subject to various contingencies and the attendant fact and circumstances, and it can not be approached as a pure mathematical exercise. Ultimately, the exercise will leave matters open for subjective judgments of parties concerned.

RECOMMENDATION

The de-merger consideration determined on the basis of Net Worth of CCP above, comes to Rs.747.18 lacs. The outstanding number of Equity Shares including convertible Warrants of HML as detailed above is 1847.72 lacs.

The Share Entitlement Ratio is based on the Net Worth of CCP and the number of outstanding shares of HML. The Net Worth of CCP represented by Equity Shares of Rs. 5/- each of HMFCL can be compensated by issuing 149.44 lac shares of HMFCL to shareholders of HML which gives an Ideal Share Entitlement Ratio between HMFCL and HML of 1:12.36.

For practical reasons, namely to avoid fraction of HML shares, a Share Entitlement Ratio of 1:13 should be considered.

Under these circumstances we recommend that, based upon and subject to various assumptions, limitations and considerations set forth herewith, the HML shareholders should, in compensation for the de-merger of CCP's business to HMFCL, receive 1 Equity Share in HMFCL for every 13 HML's Equity Shares held by them, both being fully paid-up and having a face value of Rs. 5/- each as on the Record Date (to be decided by the Board of Directors of HML in consultation with HMFCL after approval of the proposed scheme of arrangement).

LIMITATION OF LIABILITY

Our liability for arriving at the Entitlement Ratio is restricted to the information provided to us by the Management of HML and HMFCL and the audited accounts for HML which we believe to be reliable.

DISTRIBUTION OF REPORT

This report has been issued to recommend the entitlement ratio on demerger of Chennai Car Plant of HML into HMFCL based on Scheme of Arrangement between HML, HMFCL and their respective shareholders and should not be distributed or considered for any other purpose.

Yours faithfully,

Deb & Co

CHARTERED ACCOUNTANTS

HINDUSTAN MOTORS LIMITED

Report of Audit Committee recommending draft Scheme of Arrangement

9 February, 2013

1. Draft of the Scheme of Arrangement between Hindustan Motors Limited ("HML") and Hindustan Motor Finance Corporation Limited ("HMFCL") and their respective shareholders for demerger of Chennai Car Plant (Demerged Undertaking) of HML to HMFCL with effect from 1 April, 2012 was considered by the Audit Committee in its meeting held on 9 February, 2013.
2. The Committee Members noted the following:-
 - i. The Board of Directors of the Company at its meeting held on 10th January, 2013 had already approved the Scheme of Arrangement. Pursuant to such resolution, the Scheme of Arrangement has already been filed with National Stock Exchange of India Limited and BSE Limited both on 15th January, 2013 and The Calcutta Stock Exchange Limited on 18th January, 2013 for their approvals under clause 24(f) of the listing agreements. Such approvals are awaited.
 - ii. In the meantime, the Securities and Exchange Board of India ("SEBI") vide its circular No.CIR/CFD/DIL/5/2013 dated 4th February, 2013 has revised the requirements for consideration and approvals of the Scheme by the Stock Exchanges and SEBI. Such circular now requires the above said Scheme of Arrangement to be also considered and recommended by the Audit Committee of Directors of the Company.
 - iii. Since filing of the Scheme with the Stock Exchanges, it was also proposed to modify clause 11.3 of the Scheme to provide for adjusting the difference in assets and liabilities of the Demerged Undertaking as reduced by capital to be issued by HMFCL against General Reserves instead of Capital Reserves.
3. The minutes of the meeting of the Board of Directors of the Company held on 10 January, 2013 and the following documents were placed before the Audit Committee:

- a. Draft of the Scheme of Arrangement with clause 11.3 modified as above;
 - b. Report dated 8th January, 2013 of Messrs. Doshi, Chatterjee, Bagri & Co., Chartered Accountants, Kolkata on the entitlement ratio of shares in consideration of the demerger; and
 - c. Fairness Opinion dated 9th January, 2013 of VC Corporate Advisors Pvt. Limited, Merchant Bankers, Kolkata on the entitlement ratio recommended by Messrs. Doshi, Chatterjee, Bagri & Co., Chartered Accountants.
4. The Committee has reviewed the Report dated 8th January, 2013 of independent Chartered Accountants, Messrs. Doshi, Chatterjee, Bagri & Co. on the entitlement ratio of shares in consideration of the demerger. After appraisal of the methodology and basis followed by the said Chartered Accountants and going through the workings in detail, the Committee is satisfied with the report and finds the suggested entitlement ratio of 1 Equity Share of HMFCL for every 13 Equity Shares of HML to be fair and reasonable.
 5. The Committee also confirms its concurrence with the rationale for demerger as already approved by the Board and recorded in the minutes of the Board meeting. The modified Scheme as placed before the meeting is in order.
 6. The Committee hereby approves and recommends the Scheme.

By Order of the Audit Committee
For Hindustan Motors Limited

Sd/-
Yogesh Goenka
Chief Financial Officer and
Company Secretary

VC CORPORATE ADVISORS PVT LTD.

31, Ganesh Chandra Avenue, 2nd Floor, Suite No. 2C, Kolkata-700 013
Tel. : 033 2225 3940, Fax : 033 2225 3941

E-mail : mail@vccorporate.com
Website : www.vccorporate.com

PRIVATE & CONFIDENTIAL

January 09, 2013

The Board of Directors
Hindustan Motors Limited
Birla Building, 14th Floor
9/1, R. N. Mukherjee Road,
Kolkata - 700 001

Dear Sir,

Sub: Proposed Scheme of Arrangement for Demerger of Chennai Car Plant of Hindustan Motors Limited (HML) to Hindustan Motor Finance Corporation Limited (HMFCL) pursuant to Section 391 and 394 of the Companies Act, 1956.

Re: Fairness Opinion

We refer to your engagement letter dated December 28, 2012 and subsequent discussions. You have accordingly requested us to provide Fairness Opinion on the Recommendation of Exchange / Entitlement Ratio Report dated January 08, 2013 of M/s. Doshi, Chatterjee, Bagri & Co. Chartered Accountants, ("Valuer") having Office at 3A, Saket, 3rd Floor, 2 Ho Chi Minh Sarani, Kolkata 700 071 in respect of proposed demerger of the Chennai Car Plant of your Company to Hindustan Motor Finance Corporation Limited w.e.f. 1st April, 2012 as per the scheme of arrangement under section 391 and 394 of the Companies Act, 1956.

Sources of Information:-

For the purposes of fairness opinion, we have relied upon the following sources of information -

- (i) Recommendation of Exchange / Entitlement Ratio Report dated January 08, 2013 issued by the Valuer;
- (ii) Workings shared by HML and the Valuer;
- (iii) Such other information and explanations that have been provided to us by the Management of HML and the Valuer.



Exclusions and Limitations:-

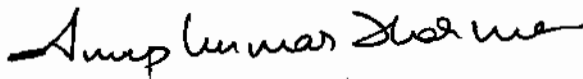
- (i) For the purpose of our opinion, we have relied upon the information provided to us and have not carried out any audit of such information;
- (ii) Our opinion should not be construed as our opining or certifying the compliance of the proposed scheme of arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

Conclusion: -

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 Shares of Rs. 5/- each of HMFCL for every 13 (Thirteen) equity shares of Rs. 5/- each held in HML is fair and proper.

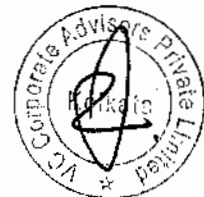
Yours Faithfully,

For VC CORPORATE ADVISORS PRIVATE LIMITED



ANUP KUMAR SHARMA
(Vice President)

SEBI REGN No. INM0000011096



PRE SCHEME OF ARRANGEMENT

Annexure V

| (I)(a) STATEMENT SHOWING SHAREHOLDING PATTERN IN CLAUSE-35 | | | |
|--|--|--|---|
| NAME OF THE COMPANY: | HINDUSTAN MOTOR FINANCE CORPORATION LIMITED | | |
| SCRIP CODE : | PROPOSED TO BE LISTED | | |
| NAME OF THE SCRIP : | | | |
| CLASS OF SECURITY : | Equity | | |
| AS ON : | 8th February, 2013 | | |
| Partly paid-up shares | No. of partly paid-up shares | As a % of total no. of partly paid-up shares | As a % of total no. of shares of the Company. |
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total: | 0 | 0 | 0 |
| Outstanding convertible securities: | No. of outstanding securities | As a % of total no. of outstanding convertible securities. | As a % of total no. of shares of the Company assuming full conversion of the convertible securities |
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total: | 0 | 0 | 0 |
| Warrants: | No. of warrants | As a % of total no. of warrants | As a % of total no. of shares of the Company, assuming full conversion of warrants |
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total: | 0 | 0 | 0 |
| Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities | 500000 | | |

PRE SCHEME OF ARRANGEMENT

As on 8th February, 2013

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number 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) ¹ | As a percentage of (A+B+C) | Number of Shares | As a percentage |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX)= (VIII)/(IV)*100 |
| (A) | Shareholding of Promoter and Promoter Group² | | | | | | | |
| (1) | Indian | | | | | | | |
| (a) | Individuals / Hindu Undivided Family | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (b) | Central Government / State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Bodies Corporate | 1 | 494998 | 0 | 99.00 | 99.00 | 0 | 0.00 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (e) | Any other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub - Total (A) (1) | 1 | 494998 | 0 | 99.00 | 99.00 | 0 | 0.00 |
| (2) | Foreign | | | | | | | |
| (a) | Individuals (Non-Resident Individuals / Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (e) | Any other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub - Total (A) (2) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2) | 1 | 494998 | 0 | 99.00 | 99.00 | 0 | 0.00 |
| (B) | Public Shareholding³ | | | | | | NA | NA |
| (1) | Institutions | | | | | | NA | NA |
| (a) | Mutual Funds / UTI | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (b) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (c) | Central Government / State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (i) | Any other (specify) | | | | | | | |
| | Sub - Total (B) (1) | 0 | 0 | 0 | 0.00 | 0.00 | | |

PRE SCHEME OF ARRANGEMENT

As on 8th February, 2013

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number 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) ¹ | As a percentage of (A+B+C) | Number of Shares | As a percentage |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX)= (VIII)/(IV)*100 |
| (2) | Non-institutions | | | | | | NA | NA |
| (a) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (b) | Individuals * | 6 | 5002 | 0 | 1.00 | 1.00 | | |
| | i. Individual shareholders holding nominal share capital up to Rs. 1 lakh | 0 | 0 | 0 | 0.00 | 0.00 | | |
| | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (c) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (d) | Any other (specify) | | | | | | | |
| | i. NRIs/OCBs | 0 | 0 | 0 | 0.00 | 0.00 | | |
| | ii. Clearing Members | 0 | 0 | 0 | 0.00 | 0.00 | | |
| | iii. Trusts | 0 | 0 | 0 | 0.00 | 0.00 | | |
| | iv. Unclaimed Suspense Account (as per clause 5A of the Listing Agreement) | 0 | 0 | 0 | 0.00 | 0.00 | | |
| | Sub - Total (B) (2) | 6 | 5002 | 0 | 1.00 | 1.00 | | |
| | Total Public Shareholding (B) = (B)(1) + (B)(2) | 6 | 5002 | 0 | 1.00 | 1.00 | NA | NA |
| | TOTAL (A) + (B) | 7 | 500000 | 0 | 100.00 | 100.00 | 0 | 0.00 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | NA | | NA | NA |
| (1) | Promoter and Promoter Group | 0 | 0 | 0 | NA | 0.00 | NA | NA |
| (2) | Public | 0 | 0 | 0 | NA | 0.00 | NA | NA |
| | GRAND TOTAL (A) + (B) + (C) (Refer Note below) | 7 | 500000 | 0 | 100.00 | 100.00 | 0 | 0.00 |

* The individuals are holding shares as the nominees of Hindustan Motors Ltd.

¹For determining public shareholding for the purpose of Clause 40A

²For definitions of "Promoter" and "Promoter Group" refer to Clause 40A

³For definition of "Public Shareholding", refer to Clause 40A

PRE SCHEME OF ARRANGEMENT

I(b) STATEMENT SHOWING HOLDING OF SECURITIES (INCLUDING SHARES, WARRANTS, CONVERTIBLE SECURITIES) OF PERSONS BELONGING TO THE CATEGORY

"PROMOTER AND PROMOTER GROUP"

As on 8th February, 2013

| Sl. No. | Name of the Shareholder | Details of Shares held | | | | | Details of convertible securities | | Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital | | |
|---------|-----------------------------|------------------------|---------------------------------------|----------|--------------------|---|-----------------------------------|--|--|---------------------------------------|--|
| | | No. of Shares held | As a % of grand total (A) + (B) + (C) | Number | As a percentage | As a % of grand total (A)+(B) +(C) of sub-clause (I)(a) | Number of warrants held | As a % of total number of warrants of the same class | | Number of convertible securities held | As a % of total number of convertible securities of the same class |
| (I) | (II) | (III) | (IV) | (V) | (VI)=(V)/(III)*100 | (VII) | (VIII) | (IX) | (X) | (XI) | (XII) |
| 1 | HINDUSTAN MOTORS LIMITED ** | 494998 | 99.00 | 0 | 0.00 | 0.00 | | | | | 99.00 |
| | TOTAL : | 494998 | 99.00 | 0 | 0.00 | 0.00 | | | | | 99.00 |

(*) The term "encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

** In addition 5002 shares are held by nominees of Hindustan Motors Ltd.

| (I)(a) STATEMENT SHOWING SHAREHOLDING PATTERN IN CLAUSE-35 | | | |
|--|--|--|---|
| NAME OF THE COMPANY: | HINDUSTAN MOTOR FINANCE CORPORATION LIMITED | | |
| SCRIP CODE : | PROPOSED TO BE LISTED | | |
| NAME OF THE SCRIP : | | | |
| CLASS OF SECURITY : | Equity | | |
| AS ON : | 8th February, 2013 | | |
| Partly paid-up shares | No. of partly paid-up shares | As a % of total no. of partly paid-up shares | As a % of total no. of shares of the Company. |
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total: | 0 | 0 | 0 |
| Outstanding convertible securities: | No. of outstanding securities | As a % of total no. of outstanding convertible securities. | As a % of total no. of shares of the Company assuming full conversion of the convertible securities |
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total: | 0 | 0 | 0 |
| Warrants: | No. of warrants | As a % of total no. of warrants | As a % of total no. of shares of the Company, assuming full conversion of warrants |
| Held by promoter/promoter group | 0 | 0 | 0 |
| Held by Public | 0 | 0 | 0 |
| Total: | 0 | 0 | 0 |
| Total paid-up capital of the Company, assuming full conversion of warrants and convertible securities | 14213230 | | |

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number 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) ¹ | As a percentage of (A+B+C) | Number of Shares | As a percentage |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX)= (VIII)/(IV)*100 |
| (A) | Shareholding of Promoter and Promoter Group² | | | | | | | |
| (1) | Indian | | | | | | | |
| (a) | Individuals / Hindu Undivided Family | 3 | 40584 | 40584 | 0.29 | 0.29 | 0 | 0.00 |
| (b) | Central Government / State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Bodies Corporate | 15 | 5149666 | 5149666 | 36.23 | 36.23 | 2020912 | 39.24 |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (e) | Any other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub - Total (A) (1) | 18 | 5190250 | 5190250 | 36.52 | 36.52 | 2020912 | 38.94 |
| (2) | Foreign | | | | | | | |
| (a) | Individuals (Non-Resident Individuals / Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (e) | Any other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub - Total (A) (2) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2) | 18 | 5190250 | 5190250 | 36.52 | 36.52 | 2020912 | 38.94 |
| (B) | Public Shareholding³ | | | | | | NA | NA |
| (1) | Institutions | | | | | | NA | NA |
| (a) | Mutual Funds / UTI | 16 | 5112 | 0 | 0.04 | 0.04 | | |
| (b) | Financial Institutions / Banks | 54 | 288563 | 1371 | 2.03 | 2.03 | | |
| (c) | Central Government / State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (e) | Insurance Companies | 7 | 463040 | 461937 | 3.26 | 3.26 | | |
| (f) | Foreign Institutional Investors | 12 | 5501 | 2308 | 0.04 | 0.04 | | |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| (i) | Any other (specify) | | | | | | | |
| | Sub - Total (B) (1) | 89 | 762216 | 465616 | 5.36 | 5.36 | | |

Provisional - Post Scheme of Arrangement

As on 8th February, 2013

| Category code | Category of shareholder | Number of shareholders | Total number of shares | Number 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) ¹ | As a percentage of (A+B+C) | Number of Shares | As a percentage |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX)= (VIII)/(IV)*100 |
| (2) | Non-institutions | | | | | | NA | NA |
| (a) | Bodies Corporate | 1874 | 1568632 | 1550929 | 11.04 | 11.04 | | |
| (b) | Individuals | | | | | | | |
| | i. Individual shareholders holding nominal share capital up to Rs. 1 lakh | 138220 | 4913770 | 4441101 | 34.57 | 34.57 | | |
| | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 245 | 1395990 | 1373525 | 9.82 | 9.82 | | |
| (c) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | | |
| (d) | Any other (specify) | | | | | | | |
| | i. NRIs/OCBs | 1651 | 286135 | 268522 | 2.01 | 2.01 | | |
| | ii. Clearing Members | 109 | 11736 | 11736 | 0.08 | 0.08 | | |
| | iii. Trusts | 18 | 9104 | 9104 | 0.06 | 0.06 | | |
| | iv. Unclaimed Suspense Account (as per clause 5A of the Listing Agreement) | 1 | 75397 | 75397 | 0.53 | 0.53 | | |
| | Sub - Total (B) (2) | 142118 | 8260764 | 7730314 | 58.12 | 58.12 | | |
| | Total Public Shareholding (B) = (B)(1) + (B)(2) | 142207 | 9022980 | 8195930 | 63.48 | 63.48 | NA | NA |
| | TOTAL (A) + (B) | 142225 | 14213230 | 13386180 | 100.00 | 100.00 | 2020912 | 14.22 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | NA | | NA | NA |
| (1) | Promoter and Promoter Group | 0 | 0 | 0 | NA | 0.00 | NA | NA |
| (2) | Public | 0 | 0 | 0 | NA | 0.00 | NA | NA |
| | GRAND TOTAL (A) + (B) + (C) (Refer Note below) | 142225 | 14213230 | 13386180 | 100.00 | 100.00 | 2020912 | 14.22 |

Note : Any changes due to fractional entitlement of shares has not been considered

¹For determining public shareholding for the purpose of Clause 40A

²For definitions of "Promoter" and "Promoter Group" refer to Clause 40A

³For definition of "Public Shareholding", refer to Clause 40A

Provisional - Post Scheme of Arrangement

(b) STATEMENT SHOWING HOLDING OF SECURITIES (INCLUDING SHARES, WARRANTS, CONVERTIBLE SECURITIES) OF PERSONS BELONGING TO THE CATEGORY

"PROMOTER AND PROMOTER GROUP"

As on 8th February, 2013

| Sl. No. | Name of the Shareholder | Details of Shares held | | | | | Details of convertible securities | | Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital | | |
|---------|---|------------------------|---------------------------------------|----------------|--------------------|--|-----------------------------------|--|--|---------------------------------------|--|
| | | No. of Shares held | As a % of grand total (A) + (B) + (C) | Number | As a percentage | As a % of grand total (A)+(B)+(C) of sub-clause (I)(a) | Number of warrants held | As a % of total number of warrants of the same class | | Number of convertible securities held | As a % of total number of convertible securities of the same class |
| (I) | (II) | (III) | (IV) | (V) | (VI)=(V)/(III)*100 | (VII) | (VIII) | (IX) | (X) | (XI) | (XII) |
| 1 | AMER INVESTMENTS (DELHI) LIMITED | 676154 | 4.76 | 0 | 0.00 | 0.00 | | | | | 4.76 |
| 2 | AMITA BIRLA | 2585 | 0.02 | 0 | 0.00 | 0.00 | | | | | 0.02 |
| 3 | BENGAL RUBBER COMPANY LIMITED | 411919 | 2.90 | 0 | 0.00 | 0.00 | | | | | 2.90 |
| 4 | BIRLA BROTHERS PRIVATE LTD. | 84615 | 0.60 | 0 | 0.00 | 0.00 | | | | | 0.60 |
| 5 | CENTRAL INDIA INDUSTRIES LIMITED | 213703 | 1.50 | 0 | 0.00 | 0.00 | | | | | 1.50 |
| 6 | CENTRAL INDIA INDUSTRIES LIMITED | 1201728 | 8.45 | 0 | 0.00 | 0.00 | | | | | 8.45 |
| 7 | CHANDRA KANT BIRLA | 461 | 0.00 | 0 | 0.00 | 0.00 | | | | | 0.00 |
| 8 | GWALIOR FINANCE CORPORATION LIMITED | 51554 | 0.36 | 0 | 0.00 | 0.00 | | | | | 0.36 |
| 9 | HINDUSTHAN DISCOUNTING COMPANY LIMITED | 237274 | 1.67 | 0 | 0.00 | 0.00 | | | | | 1.67 |
| 10 | HITAISHI INVESTMENTS LIMITED | 13654 | 0.10 | 0 | 0.00 | 0.00 | | | | | 0.10 |
| 11 | INDIA SILICA MAGNESITE WORKS LIMITED | 81923 | 0.58 | 0 | 0.00 | 0.00 | | | | | 0.58 |
| 12 | JAIPUR FINANCE AND DAIRY PRODUCTS PVT. LTD. | 50923 | 0.36 | 0 | 0.00 | 0.00 | | | | | 0.36 |
| 13 | NATIONAL BEARING CO. (JAIPUR) LIMITED | 1739412 | 12.24 | 1739412 | 100.00 | 12.24 | | | | | 12.24 |
| 14 | NATIONAL ENGINEERING INDUSTRIES LIMITED | 69615 | 0.49 | 69577 | 99.95 | 0.49 | | | | | 0.49 |
| 15 | NIRMALA BIRLA | 37538 | 0.26 | 0 | 0.00 | 0.00 | | | | | 0.26 |
| 16 | RANCHI ENTERPRISES AND PROPERTIES LTD. | 5423 | 0.04 | 0 | 0.00 | 0.00 | | | | | 0.04 |
| 17 | SHEKHAVATI INVESTMENTS AND TRADERS LTD. | 96000 | 0.68 | 0 | 0.00 | 0.00 | | | | | 0.68 |
| 18 | SOORYA VANIJYA AND INVESTMENT LIMITED | 215769 | 1.52 | 211923 | 98.22 | 1.49 | | | | | 1.52 |
| 19 | MISS AVANI BIRLA | 0 | 0.00 | 0 | 0.00 | 0.00 | | | | | 0.00 |
| 20 | MISS AVANTI BIRLA | 0 | 0.00 | 0 | 0.00 | 0.00 | | | | | 0.00 |
| | TOTAL : | 5190250 | 36.52 | 2020912 | 38.94 | 14.22 | | | | | 36.52 |

(*) The term "encumbrance" has the same meaning as assigned to it in regulation 28(3) of the SAST Regulations, 2011.

Provisional - Post Scheme of Arrangement

(l)(c)(i) Statement showing holding of securities (including shares, warrants, convertible securities) of persons belonging to the category "Public" and holding more than 1% of the total number of shares

As on 8th February, 2013

| Sl. No. | Name of the shareholder | No. of shares held | Shares as a % of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in statement at para (l)(a) above} | Details of warrants | | Details of convertible securities | | Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital |
|---------|-------------------------------------|--------------------|---|----------------------|--|------------------------------------|---|--|
| | | | | No. of warrants held | As a % of total number of warrants of the same class | No. of convertible securities held | % w.r.t. total number of convertible securities of the same class | |
| | | | | | | | | |
| 1 | LIFE INSURANCE CORPORATION OF INDIA | 462794 | 3.26 | | | | | |
| 2 | UNITED COMMERCIAL BANK | 282947 | 1.99 | | | | | |
| 3 | FASHION SUITINGS PVT. LTD. | 319593 | 2.25 | | | | | |
| | | | | | | | | |
| | TOTAL | 1065334 | 7.50 | | | | | |
| | | | | | | | | |

Provisional - Post Scheme of Arrangement

(I)(c)(ii) Statement showing holding of securities (including shares, warrants, convertible securities) of persons (together with PAC) belonging to the category "Public" and holding more than 5% of the total number of shares of the Company

As on 8th February, 2013

| Sl. No. | Name(s) of the shareholder(s) and the Persons Acting in Concert (PAC) with them | No. of shares | Shares as a % of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in statement at para (I)(a) above} | Details of warrants | | Details of convertible securities | | Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital |
|---------|---|---------------|---|---------------------|--|------------------------------------|---|--|
| | | | | No. of warrants | As a % of total number of warrants of the same class | No. of convertible securities held | % w.r.t. total number of convertible securities of the same class | |
| | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | | | | | | | | |
| | | | | | | | | |

| I(d) Statement showing details of locked-in shares | | | | |
|---|--|---|-------------------------------|--|
| Sr No | Name of the shareholder | Category of Share holders(Promoters/ Public) | No of locked-in shares | Locked-in shares as a percentage of total number of shares{i.e.,Grand Total (A)+(B)+(C) indicated in statement at para(I)(a) above} |
| 1 | AMER INVESTMENTS (DELHI) LIMITED | PROMOTER | 661538 | 4.65 |
| 2 | BENGAL RUBBER COMPANY LIMITED | PROMOTER | 323077 | 2.27 |
| 3 | CENTRAL INDIA INDUSTRIES LIMITED | PROMOTER | 657692 | 4.63 |
| 4 | HINDUSTHAN DISCOUNTING COMPANY LIMITED | PROMOTER | 173077 | 1.22 |
| | | | | |
| | TOTAL : | | 1815384 | 12.77 |

Provisional - Post Scheme of Arrangement

As on 8th February, 2013

II(a) Statement showing details of Depository Receipts (DRs)

| Sr No | Type of outstanding DR (ADRs,GRDs, SDRs,etc.) | Number of outstanding DRs | No of shares underlying outstanding DRs | Shares underlying outstanding DRs as a percentage of total number of shares{i.e.,Grand Total (A)+(B)+(C) indicated in statement at para(I)(a) above} |
|-------|---|---------------------------|---|--|
| | N.A | N.A | N.A | N.A |

II(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares held by "Promoter/Promoter Group" are in excess of 1% of the total number of shares

| Sr. No. | Name of the DR Holder | Type of outstanding DR (ADRs, GDRs, SDRs, etc.) | Number of shares underlying outstanding DRs | Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A) + (B) + (C) indicated in Statement at para (I)(a) above} |
|---------|-----------------------|---|---|---|
| | N.A | N.A | N.A | N.A |

III(a) Statement showing the voting pattern of shareholders, if more than one class of shares/securities is issued by the issuer

There is only one class of shares issued by the Company and hence voting rights are uniform for all shares.

Annexure VII

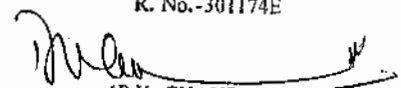
CERTIFICATE

We the statutory auditors of HINDUSTAN MOTOR FINANCE CORPORATION LIMITED, Birla Building, 14th Floor, 9/1, R. N. Mukherjee Road, Kolkata - 700 001 have audited the accounts of the Company for the period 1st April 2012 to 31st December 2012 and for the financial years 2009-10 to 2011-12. We state that:-

1. The Statement of Balance Sheet as at 31st December 2012, 31st March 2012, 31st March 2011 & 31st March 2010, as per Annexure "A", is drawn from the accounts audited by us after making such regroupings as were, in our opinion, considered appropriate.
2. The Statement of Profit & Loss for the period 1st April 2012 to 31st December 2012 & for the financial year 2009-10 to 2011-12 as per Annexure "B" is drawn from accounts audited by us after making such regroupings as were, in our opinion, considered appropriate.
3. We certify that the Annexure "A" & "B" have been found correct in line with the audited accounts for the last 3 financial years (from 1st April 2009 to 31st March 2012) & for the period from 1st April 2012 to 31st December 2012.

Place: Kolkata
Date: February 16, 2013

For G. BASU & CO.
Chartered Accountants
R. No.-301174E


(P.K. CHAUDHURI)
Partner
(M. No. 003814)

BALANCE SHEET

₹ in lacs

| | As at <u>Dec 31, 2012</u> | As at <u>March 31, 2012</u> | As at <u>March 31, 2011</u> | As at <u>March 31, 2010</u> |
|--------------------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Share Capital | 25.00 | 25.00 | 25.00 | 25.00 |
| Reserves & Surplus | 278.01 | 255.97 | 234.02 | 138.89 |
| | 303.01 | 280.97 | 259.02 | 163.89 |
| CURRENT LIABILITIES | | | | |
| Trade Payables | 22.65 | 20.33 | 612.49 | 238.87 |
| Other Current Liabilities | 38.20 | 11.27 | 60.37 | 186.12 |
| Short-Term Provisions | 4.22 | 0.98 | 2.61 | 0.99 |
| | 65.07 | 32.58 | 675.47 | 425.98 |
| TOTAL | 368.08 | 313.55 | 934.49 | 589.87 |
| <u>ASSETS</u> | | | | |
| NON CURRENT ASSETS | | | | |
| Fixed Assets | | | | |
| Tangible Assets | 10.56 | 12.70 | 15.86 | 17.67 |
| | 10.56 | 12.70 | 15.86 | 17.67 |
| Deferred Tax Assets (Net) | 1.58 | 1.37 | 1.07 | 0.97 |
| | 1.58 | 1.37 | 1.07 | 0.97 |
| CURRENT ASSETS | | | | |
| Inventories | 3.78 | - | 414.04 | 194.10 |
| Trade Receivables | 1.53 | 17.59 | 172.16 | 186.38 |
| Cash and Bank Balances | 128.59 | 61.23 | 205.69 | 100.67 |
| Short-Term Loans and Advances | 218.20 | 213.61 | 121.99 | 88.68 |
| Other Current Assets | 3.84 | 7.05 | 3.68 | 1.40 |
| | 355.94 | 299.48 | 917.56 | 571.23 |
| TOTAL | 368.08 | 313.55 | 934.49 | 589.87 |

STATEMENT OF PROFIT & LOSS FOR THE PERIOD

| | ₹ in lacs | | | |
|---|----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | April 1, 2012 to Dec 31, 2012 | April 1, 2011 to March 31, 2012 | April 1, 2010 to March 31, 2011 | April 1, 2009 to March 31, 2010 |
| A. INCOME | | | | |
| Revenue from operations | 106.67 | 646.74 | 7465.43 | 5561.73 |
| Less : Value Added Tax & Service Tax | 12.42 | 62.00 | 831.68 | 618.17 |
| Revenue from operations (Net) | <u>94.25</u> | <u>584.74</u> | <u>6633.75</u> | <u>4943.56</u> |
| Other income | 25.46 | 25.39 | 13.31 | 13.65 |
| | <u>119.71</u> | <u>610.13</u> | <u>6647.06</u> | <u>4957.21</u> |
| B. EXPENSES : | | | | |
| Purchase of Traded goods | - | - | 6355.22 | 4569.57 |
| Bulletproofing Cost of Vehicles | 58.46 | 126.65 | 271.25 | 392.73 |
| Cost of Components Consumed | 1.09 | 3.45 | 2.61 | 9.83 |
| (Increase)/Decrease of Traded goods | - | 414.04 | (219.94) | (194.10) |
| Employees Benefits Expenses | 6.61 | 9.90 | 12.45 | 11.08 |
| Other Expenses | 19.14 | 23.00 | 48.00 | 40.76 |
| | <u>85.30</u> | <u>577.04</u> | <u>6469.59</u> | <u>4829.87</u> |
| Profit Before Depreciation & Amortization and Finance Cost | (A - B) 34.41 | 33.09 | 177.47 | 127.34 |
| Depreciation & Amortization Expense | 2.39 | 3.16 | 3.12 | 2.88 |
| Finance Costs | 0.19 | 0.18 | 30.96 | 20.54 |
| Profit Before Tax | <u>31.83</u> | <u>29.75</u> | <u>143.39</u> | <u>103.92</u> |
| Tax Expenses: | | | | |
| Current Tax | 10.00 | 8.00 | 48.00 | 34.00 |
| Deferred Tax Charge (Credit) | (0.21) | (0.30) | (0.10) | (0.66) |
| Income Tax for Earlier year | 0.00 | 0.10 | 0.35 | 0.00 |
| Total tax expense | <u>9.79</u> | <u>7.80</u> | <u>48.25</u> | <u>33.34</u> |
| Profit for the year | 22.04 | 21.95 | 95.14 | 70.58 |

Quarterly Compliance Report on Corporate Governance

Name of the Company: **Hindustan Motors Limited**

Quarter ended 31st December, 2012

| Particulars | Clause of Listing Agreement | Compliance status (Yes/No) | Remarks |
|---|-----------------------------|----------------------------|---------------------------------------|
| I. Board of Directors | 49 I | | |
| (A) Composition of Board | 49(IA) | Yes | |
| (B) Non-executive Directors' compensation & disclosures | 49(IB) | Yes | |
| (C) Other provisions as to Board and Committees | 49(IC) | Yes | |
| (D) Code of Conduct | 49(ID) | Yes | |
| II. Audit Committee | 49 II | | |
| (A) Qualified and Independent Audit Committee | 49(IIA) | Yes | |
| (B) Meeting of Audit Committee | 49(IIB) | Yes | |
| (C) Powers of Audit Committee | 49(IIC) | Yes | |
| (D) Role of Audit Committee | 49(IID) | Yes | |
| (E) Review of Information by Audit Committee | 49(IIE) | Yes | |
| III. Subsidiary Companies | 49 III | Yes | |
| IV. Disclosures | 49 IV | | |
| (A) Basis of related party transactions | 49 (IVA) | Yes | |
| (B) Disclosure of Accounting Treatment | 49 (IVB) | Yes | |
| (C) Board Disclosures | 49 (IVC) | Yes | |
| (D) Proceeds from public issues, Right issues, preferential issues etc. | 49 (IVD) | Yes | |
| (E) Remuneration of Directors | 49 (IVE) | Yes | Complied in the Annual Report 2011-12 |
| (F) Management | 49 (IVF) | Yes | Complied in the Annual Report 2011-12 |
| (G) Shareholders | 49 (IVG) | Yes | |
| V. CEO/CFO Certification | 49 V | Yes | |
| VI. Report on Corporate Governance | 49 VI | Yes | |
| VII. Compliance | 49 VII | Yes | Complied in the Annual Report 2011-12 |

Date : January 1, 2013

For Hindustan Motors Limited

Sd/-

Compliance Officer