

**MINUTES OF THE SEVENTIETH ANNUAL
GENERAL MEETING OF HINDUSTAN
MOTORS LIMITED HELD AT KOLKATA ICE
SKATING RINK, 78, SYED AMIR ALI
AVENUE, KOLKATA 700 019 ON MONDAY
THE 13th AUGUST, 2012 AT 2.30 PM**

Members present 1746 Members in person holding in aggregate 449165 shares as per attendance slips deposited with the Company.

129 Members through proxies deposited with the Company and holding in aggregate 76650060 shares.

1 Chairman

Shri C. K. Birla took the Chair.

2 Quorum

The Chairman having found the quorum present in the meeting declared the meeting validly constituted.

3 Notice

With consent of the members present the Notice dated 12th June, 2012 convening the meeting was taken as read.

4 Statutory Records

The Chairman informed the members present that the Register of directors' shareholdings maintained by the Company under Section 307 of the Companies Act, 1956 and the original of the Auditors' Report dated 30th April, 2012 were available at the meeting venue and would remain open and accessible during the continuance of the meeting to persons having the right to attend the meeting.



5 Auditors' Report

At the direction of the Chairman, Shri Yogesh Goenka, Chief Financial Officer and Company Secretary read out the Auditors' Report dated 30th April, 2012 to the members of the Company.

6 Chairman's speech

Before taking up the formal agenda of the meeting for consideration of the members, the Chairman reviewed the performance of the Company for the financial year 2011-12. In his speech the Chairman summarized the overall performance of the Company for the year under review and also indicated the initiatives on hand.

The Chairman informed the members that the Indian automotive industry faced various challenges during the financial year 2011-12. Demand for passenger cars started falling from July 2011 for the first time in three years. As a result, sale of passenger cars had grown up by just 2.19 % compared to 29.16 % and 25.67 % during the previous two fiscals.

The Chairman further informed that during the year, the Company had incurred a loss of Rs.29.96 crore, after taxes as compared to profit of Rs.75 lacs last year. Macro-economic factors like adverse movements in foreign exchange rates especially of Japanese Yen, depreciation of the rupee, high interest rates affecting financing options for customers, rise in inflation and fuel prices, subdued business sentiments proved to be tough challenges and had an impact on the Company as well. Delay in the launch of BS IV diesel engines for 2.0 litre and 1.5 litre Ambassadors (mainly for the taxi segment) and muted market response to the small commercial vehicle "VEER" launched in August 2011 affected our financials severely. Cost reduction initiatives and profit from sale of immovable properties at Kolkata and Halol in Gujarat and that of shares held by the Company in AVTEC Limited substantially helped in mitigating the financial crunch faced by the Company.



The Chairman also informed that the Company had been focusing on niche segments of automobile and auto component business comprising forgings, castings and stampings through its plants located at Uttarpara in West Bengal, Tiruvallur in Tamil Nadu and Pithampur in Madhya Pradesh. In the automobile business, the main focus is on Ambassador, Cedia, sports utility vehicles (SUVs) Pajero, Montero & Outlander and the light commercial goods carrier "Winner". He then briefed the members about the main activities and challenges of the year under review.

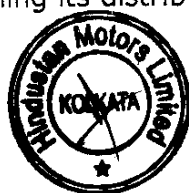
- Operations at Uttarpara plant were adversely affected due to lower volumes of Ambassador in view of the non-availability of BS IV diesel engine and shortage of working capital. Winner too could not register the required numbers. Chennai car plant's operations suffered because of lower volumes caused mainly by high interest rates & fuel prices and adverse foreign exchange rates which reduced the margins. However, the company persuaded Mitsubishi Motors Corporation to reduce kit prices in view of the adverse exchange rates and increasing competition in the operating segment. The benefits of this were evident only in the second half of the year.
- March 2012 witnessed the Company launching state-of-the-art SUV "Pajero Sport" and a seven-seater upgraded version of the Mitsubishi Outlander, both from its Chennai Car Plant manufactured under license from Mitsubishi Motors Corporation, Japan. The much awaited Pajero Sport was enthusiastically welcomed by automobile connoisseurs and customers alike. These products are likely to have favourable impact on the Company's market share and financial performance in the current fiscal.
- The Company started production of CNG-driven Winner from its Pithampur Plant. Beside this, development work on a passenger carrier version is going on.



- In order to meet the funding requirements for capital-expenditure and working capital and pursuant to approval of shareholders at the Extraordinary General Meeting held on 7th March, 2012, the Company on 12th March, 2012 allotted to the promoters & promoter group companies, on preferential basis, 118 Lacs equity shares of nominal value of Rs. 5 each at a premium of Rs. 7.25 per share and 118 Lacs warrants with each warrant convertible into one equity share of the Company of nominal value of Rs. 5 each at a premium of Rs. 7.25 per share at the option of the warrant holder at any time within a period of 18 months from the date of allotment of warrants on payment of balance consideration. The Company has received 25% of consideration for such warrants during the year. The shareholding of the promoters has increased from 27.22 % to 32.19 % after the preferential allotment. The warrants have been converted into equity shares on exercise of the option of conversion by the promoter group companies and the Company has received the balance 75% consideration in June, 2012. Pursuant to conversion of the warrants into equity shares, the shareholding of the promoters & promoter group companies has further increased to 36.52 %.

The Chairman further informed to the Members that the country's GDP growth rates in the four quarters of 2011-12 steadily declined from 8 % to a nine-year low of 5.3 %. Growth and inflation projections for the current fiscal offer no significant respite. Society of Indian Automobile Manufacturers (SIAM) had forecast 10 to 12 % growth in the passenger car segment for the current fiscal. However, this was subsequently revised downward to 7 to 8 % in view of the prevailing macro-economic conditions. Similarly, the growth forecast for the commercial vehicles had been revised downward by SIAM from 9 to 11 % to 6 to 8 %.

However, the Company had geared itself up to meet the challenges. The Company was strengthening its distribution network by increasing and



expanding dealerships and opening new warehouses to ensure timely delivery. The management was trying to improve Company's margins through cost efficiency measures, improvement in operational efficiencies as well as value engineering.

The Company was preparing to launch new variants of Ambassador and also reach out to hitherto untapped markets, especially semi-urban areas. The Company would also strengthen the product specifications in the commercial vehicles segment by introducing new variants. The Company was also upgrading its diesel engine to meet BS IV standards. This would enable the Company to regain its position in the taxi segment, particularly in the known and tested regions. The enthusiastic customers response generated by the newly launched Pajero Sport has imbued the Company with fresh vigour and hope.

As regards components business, efforts were on to acquire new customers and orders which would contribute to increased revenue in future.

The Chairman's speech gave comfort to the members as they came to know that the Company had taken several initiatives to make the individual business lines profitable by the end of current financial year.

The Chairman thanked all the customers, dealers, suppliers, bankers, financial institutions, employees and all other stakeholders for their support and co-operation and expected their continued patronage.

The Chairman thanked his colleagues on the Board for their continued guidance and support.

7 Adoption of Audited Accounts for the year 2011-12

Shri Arup Kumar Das proposed and Shri Joytirindra Narayan Kundu seconded the following Resolution as an Ordinary Resolution:-



"RESOLVED THAT the Audited Accounts of the Company for the year ended 31st March, 2012 together with the Directors' Report as also the Auditors' Report thereon as circulated to all the members of the Company and now laid before this meeting, be and each one of the same are hereby received, considered and adopted."

Before putting the aforesaid resolution to vote the Chairman invited queries from members on the audited accounts for the financial year 2011-12 together with Directors' Report and the Auditors' Report thereon.

Thereupon, a number of members namely Sarvashri Sarbananda Gattani, Bijan Singh Srimal, Manoj Kumar Gupta, Arup Kumar Das, Anindya Sunder Roy, Krishnendu Das and Alok Kumar Pal spoke in the meeting and among the queries raised were those relating to Company's performance, its future plans and prospects, increase in promoters' shareholding. Some suggestions on the working of the Company were also offered by the members in the meeting.

Upon conclusion of members' queries/suggestions, the Chairman replied to the satisfaction of the members present, all the questions raised by them and gave assurance to consider some of the suggestions offered by the members.

The aforesaid resolution was thereafter put to vote and was carried by requisite majority by show of hands - only one member voted against.

8 Re-appointment of Shri P. K. Khaitan as Director of the Company liable to retire by rotation

Shri Manoj Kumar Gupta proposed and Shri Satya Narayan Kundu seconded the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT Shri P. K. Khaitan, Director who is due to retire at this Annual General Meeting and who being eligible, offers himself for re-appointment, be and is hereby appointed a Director of the Company liable to retire by rotation."



When put to vote the resolution was carried by requisite majority by show of hands – only one member voted against.

9 Re-appointment of Dr. Anand C. Burman as Director of the Company liable to retire by rotation

Shri Joytirindra Narayon Kundu proposed and Shri Sunil Kumar Paul seconded the following Resolution as an Ordinary Resolution:-

“RESOLVED THAT Dr. Anand C. Burman, Director who is due to retire at this Annual General Meeting and who being eligible, offers himself for re-appointment, be and is hereby appointed a Director of the Company liable to retire by rotation.”

When put to vote the resolution was carried by requisite majority by show of hands – only one member voted against.

10 Non-re-appointment of Shri V. K. Sharma as Director of the Company

The Chairman informed that the next Resolution, that was Item No.4 of the Notice to the shareholders, circulated to the Members was relating to re-appointment of Shri V. K. Sharma. Shri V. K. Sharma had resigned from the directorship of the Company effective 13th August, 2012 and did not wish to be re-appointed. Further, the vacancy caused by resignation of Shri V. K. Sharma was not being filled up at the Annual General Meeting.

Shri Arup Kumar Das proposed and Shri Joytirindra Narayon Kundu seconded the following Resolution as an Ordinary Resolution:-

“RESOLVED THAT Shri V. K. Sharma retires by rotation at this Annual General Meeting and who has resigned, be not re-appointed.

RESOLVED FURTHER THAT the vacancy caused by non-appointment of Shri V. K. Sharma not to be filled up by appointment of any other Director.”



When put to vote the resolution was carried by requisite majority by show of hands – only one member voted against.

11 Re-appointment of Auditors of the Company

Shri Alok Kumar Pal proposed and Shri Sunil Kumar Paul seconded the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Messrs. S. R. Batliboi & Co., (Registration No.301003E) Chartered Accountants, the retiring Auditors, be and they are hereby re-appointed as Auditors of the Company under Section 224 and other applicable provisions, if any, of the Companies Act, 1956 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a gross remuneration of Rs.25,00,000/- (Rupees Twenty-five lacs only) per annum exclusive of reimbursement of out-of-pocket expenses, as may be incurred by the Auditors on travelling, boarding and lodging at the Company's factories and its other branches outside Kolkata which shall also be borne by the Company and that the said remuneration be paid to the Auditors in four equal quarterly installments."

When put to vote the resolution was carried by requisite majority by show of hands – only one member voted against.

12 Approval of appointment of and remuneration payable to Shri Uttam Bose as Managing Director of the Company

Shri Manoj Kumar Gupta proposed and Shri Joytirindra Narayan Kundu seconded the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Article 107 of the Articles of Association of the Company and Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents, approvals and permissions including from the Central Government, as may be needed, Shri Uttam Bose be and he is hereby appointed as the Managing Director of the Company not liable to retire by rotation for a period of 3 (three)



years with effect from 2nd April, 2012 at a remuneration and on the terms and conditions set out below:-

1. Salary (basic) per month: Rs.4,67,000/- (Four lacs sixty seven thousand) in a time scale of Rs.4,67,000/- - Rs.6,65,000. Annual increment shall be payable on 1st April of each year (starting from April, 2013) as may be decided by the Board of Directors or Remuneration Committee of Directors and will be merit based and would take into account the Managing Director's performance and the Company's performance as well.

2. Perquisites (including allowances):-
 - a) Special Allowance Monthly Special Allowance of 100% of the Salary (basic) applicable for the relevant period.

 - b) Leave Travel Allowance The yearly payment in the form of allowance shall be equivalent to one month's salary (basic).

 - c) House Rent Allowance Monthly House Rent Allowance of 60% of the Salary (basic) applicable for the relevant period.

 - d) Medical reimbursement Expenditure incurred by the Managing Director and his family, subject to a ceiling of Rs.50,000/- (Fifty thousand) per annum.

 - e) Club Fees Actual fees for a maximum of two clubs, subject to a maximum of Rs.50,000/- (Fifty thousand) per annum. This will not include Admission fees and life membership fees.

 - f) Hospitalisation Insurance Scheme As per the scheme of the Company, Hospitalisation Insurance coverage shall be

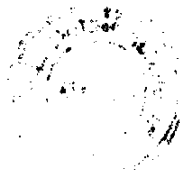


provided for the Managing Director and dependent family members.

- g) Contribution to Provident Fund and Gratuity will be as per the Rules / Scheme of the Company.
- h) Leave as per the Rules of the Company. Encashment of unavailed leaves at the end of the tenure or at specified intervals will be as per Scheme of the Company.
- i) Provision of one car with driver for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

3. Performance Variable Pay: In addition to the above, the Managing Director shall be entitled for a Performance Variable Pay of a maximum of Rs.40,00,000/- (Forty lacs) per annum for the 1st year of service, maximum of Rs.50,00,000/- (Fifty lacs) per annum for the 2nd year of service and maximum of Rs.60,00,000/- (Sixty lacs) per annum for the 3rd year of service. The exact quantum payable will be based on extent of achievement against the deliverables as decided by the Board of Directors or Remuneration Committee of Directors of the Company from time to time.

4. Joining Bonus: In addition to the above, the Managing Director shall be entitled for a one time joining bonus of Rs.24,00,000/- (Twenty-four lacs). This amount will be liable for recovery if the Managing Director were to leave purely on his own will before completing two years of service. The recovery will be at the rate of Rs.1,00,000/- (One lac) per month for the balance period of completion of two years.



Minimum Remuneration: The remuneration specified at Sl. Nos.1 to 3 above subject to approval of Central Government, if required shall be paid to Shri Uttam Bose as and by way of Minimum Remuneration notwithstanding any loss or inadequacy of profit in any financial year during the tenure of his employment as Managing Director.

RESOLVED FURTHER THAT the tenure of the employment of Shri Uttam Bose as Managing Director of the Company is terminable by either side with a notice period of three months or Company paying three months salary (basic) in lieu of such notice."

When put to vote the resolution was carried by requisite majority by show of hands - only two members voted against.

13 **Vote of thanks**

There being no other business to be transacted, the meeting terminated with a vote of thanks to the Chair.

Sd/-
CHAIRMAN

***Certified to be True Copy
For Hindustan Motors Limited***



**Yogesh Goenka
Chief Financial Officer and Company Secretary**