



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Sixty-second Annual General Meeting of the Shareholders of HINDUSTAN MOTORS LIMITED will be held at Calcutta Ice Skating Rink, 78, Syed Amir Ali Avenue, Kolkata 700 019, on Monday, the 20th September, 2004 at 3.00 p.m. to transact the following business:--

AS ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Statements of Account of the Company together with the Directors' Report as also the Auditors' Report thereon for the year ended 31st March 2004.
- (2) To appoint a Director in place of Shri P. K. Khaitan, who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint a Director in place of Dr. Anand C. Burman, who retires by rotation and being eligible offers himself for re-appointment.
- (4) To consider and, if thought fit, to pass the following resolution as a **Special Resolution**, relating to the appointment of the Auditors of the Company :

"RESOLVED THAT Messrs. S R Batliboi & Co., Chartered Accountants, the retiring Auditors, be and they are hereby re-appointed as Auditors of the Company under Section 224 read with Section 224A 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 Twentyfive 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 instalments."

AS SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modification, the following Resolutions :--

- (5) **As an Ordinary Resolution :**
"RESOLVED THAT Shri Naresh Chandra, Director of the Company who vacates his office at the conclusion of this Annual General Meeting in terms of the provisions of Section 262(2) of the Companies Act, 1956 be and he is hereby appointed as a Director of the Company liable to retire by rotation."
- (6) **As an Ordinary Resolution :**
"RESOLVED THAT Shri Kranti Sinha who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from 15th December, 2003 and who vacates his office at the conclusion of this Annual General Meeting be and he is hereby appointed as a Director of the Company liable to retire by rotation."
- (7) **As an Ordinary Resolution :**
"RESOLVED THAT Shri A. Sankaranarayanan who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 with effect from the conclusion of the meeting of the Board of Directors held on 24th May, 2004 and who vacates his office at the conclusion of this Annual General Meeting be and he is hereby appointed as a Director of the Company liable to retire by rotation."
- (8) **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 as may be needed, Shri R. Santhanam be and he is hereby appointed as the Managing Director of the Company not liable to retire by rotation for a period of five years with effect from the conclusion of Board Meeting held on 24th May, 2004 at a remuneration and on the terms and conditions set out below :--
 1. Salary (Basic) per month Rs. 1,50,000 in a time scale of Rs. 1,50,000 - Rs. 30,000 - Rs. 3,00,000. Annual increment of Rs. 30,000 shall be payable on 1st April of each year
 2. Allowances / perquisites : -
 - a) Watchman / Gardener / Cleaner / Servants' salary allowance Rs. 10,000/- per month
 - b) Other allowances Rs. 10,000/- per month
 - c) Leave Travel Allowance The yearly payment in the form of allowance shall be equivalent to one month's salary (basic)
 - d) Magazines / Books allowance Rs. 50,000/- per annum

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- e) Gas / Electricity / Maintenance allowance Rs. 50,000/- per annum
- f) Housing I Expenditure incurred by the Company on hiring furnished accommodation for the Managing Director subject to a maximum of 60% of the basic salary relevant for the concerned period
- OR
- Housing II In case Company owned and furnished accommodation is provided no allowance shall be paid
- OR
- Housing III In case no accommodation - owned or hired - is provided by the Company the Managing Director shall be entitled to 60% of the basic salary relevant for the concerned period as and by way of House Rent Allowance
- g) Medical reimbursement Expenditure incurred by the Managing Director and his family, subject to a ceiling of one month's salary (basic) in a year or three months salary (basic) over a period of three years
- h) Club Fees Actual fees for a maximum of two clubs. Admission fee and life membership fee shall not be paid by the Company
- i) Hospitalisation Insurance Scheme As per the scheme of the Company provided the premium amount does not exceed a sum of Rs. 4,000/- per annum
- j) Contribution to Provident Fund and Superannuation / Annuity Fund will be as per Scheme of the Company. Since Shri R. Santhanam joined the Company as President of the Company with effect from 21.04.2004 he is not entitled to contribution to the Superannuation Fund of the Company, according to the Scheme of the Company, till 31.03.2005. Therefore, for the said period he shall be entitled to an Ad-hoc payment equivalent to 15% of his basic salary in lieu of Superannuation contribution
- k) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company
- l) Encashment of un-availed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company
- m) Provision of 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. In addition to the above, the Managing Director shall be entitled for an Ex-gratia payment of Rs. 10,00,000/- per annum

MINIMUM REMUNERATION : The remuneration specified at Sl. Nos. 1 to 3 above subject to approval of Central Government should continue to be paid to Shri R. Santhanam as and by way of Minimum Remuneration notwithstanding the loss or inadequacy of profit during the relevant period of tenure of his office.

RESOLVED FURTHER THAT the tenure of the employment of Shri R. Santhanam as Managing Director of the Company is terminable by either side with a notice period of three months or payment of basic salary in lieu thereof."

Registered Office:
'Birla Building'
9/1, Rajendra Nath Mukherjee Road
Kolkata 700 001
Dated, the 20th August, 2004

By Order of the Board,
For HINDUSTAN MOTORS LTD

G N Pareek
Company Secretary

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. Members/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting.
3. Members who have shareholdings in multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the Registrars & Share Transfer Agents, M/s Karvy Computershare Private Limited at 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad -500034 for consolidation of all such shareholdings into one account to facilitate better service.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 2nd September, 2004 to 17th September, 2004 (both days inclusive).
5. (a) Members are requested to notify change of address, if any, with PINCODE to the Company or to its Share Transfer Agents quoting reference of their folio number and in case their Shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.
(b) In case the mailing address mentioned on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
6. A member desirous of getting any information on the accounts or operations of the Company or share/debenture related matter is requested to forward his/her query(ies) to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
7. Consequent upon amendment to the existing Section 205A of the Companies Act, 1956 and introduction of new Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years from the date the same becoming due for payment is being transferred regularly to the credit of Investor Education and Protection Fund. Accordingly, dividend for and upto the financial year ended 31st March, 1996 (there being no dividend from the year 1990-91 to 1994-95) has been so transferred. However, for all unclaimed/unpaid dividend upto the financial year 1989-90 shareholders are requested to claim such amount from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A.J.C. Bose Road, Kolkata - 700 020 by submitting an application in the prescribed Form No. II. Claim for unclaimed / unpaid dividend for the years 1996-97 and 1997-98 should reach the Company before September 2004 and September 2005 respectively.
8. The Company, consequent upon introduction of the Depository System, entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in the Shares of the Company in electronic form through the depository participants of NSDL or CDSL. Effective 17th January 2000, trading in Shares of the Company on any Stock Exchange is permitted only in dematerialised form.
9. Individual shareholders can now take the facility of making nomination of their holding. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of Shares shall vest in the event of the death of the shareholder and the joint-holder(s), if any. A minor can be a nominee provided the name of the guardian is given in the nomination form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. For further detail in this regard shareholders may contact M/s Karvy Computershare Private Limited, Hyderabad.
10. In all correspondence with the Company or with its Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialised form, they must quote their Client ID Number and their DPID Number.
11. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

Annexure to the Notice

EXPLANATORY STATEMENT

The following Explanatory Statements relating to Special Business at Item Nos. 5 to 8 of the accompanying Notice set out all material facts as required under Section 173 of the Companies Act, 1956 :

Item No. 5

Shri Naresh Chandra, a retired IAS officer and an eminent ex-bureaucrat, was appointed as a Director with effect from 24-7-2002 by the Board of Directors under Article 87 of the Articles of Association of the Company to fill in the casual vacancy caused by the resignation of Shri G. D. Kothari from the Board of Directors of the Company and who would have retired by rotation at the conclusion of the ensuing Annual General Meeting had he not resigned. In terms of the provisions of Section 262(2) of the Companies Act, 1956 Shri Naresh Chandra can hold the office of Director only upto the conclusion of the ensuing Annual General Meeting. However, Shri Naresh Chandra being eligible offers himself for re-appointment. Given the illustrious background of Shri Naresh Chandra it is advisable in the interest of the Company to appoint him as a Director on the Board of the Company liable to retire by rotation. The Company has received a notice in writing along with a deposit

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of Rs. 500/- from a member as required under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri Naresh Chandra as a Director of the Company. The Board Members recommend the resolution as set out in Item No. 5 of the convening Notice for approval of the Shareholders.

Except Shri Naresh Chandra, no other Director is in any way concerned or interested in the aforesaid Resolution.

The information required in terms of clause 49 of the Listing Agreement is given in Corporate Governance Report annexed to the Directors' Report.

Item No 6

Life Insurance Corporation of India had with effect from 15th December, 2003 withdrawn the nomination of Shri Kranti Sinha from the Board of the Company. However, in view of the valuable contribution made by Shri Kranti Sinha during his tenure as a member of the Board, the Board Members had co-opted him as Additional Director in his individual capacity with effect from the same said date pursuant to Article 86 of the Articles of Association of the Company. In terms of the provisions of Section 260 of the Companies Act, 1956 and the said Article, Shri Kranti Sinha can hold the office of Director only up to the conclusion of the ensuing Annual General Meeting. However, being eligible he offers himself for re-appointment. The Board Members consider that it will be beneficial for the Company to appoint Shri Kranti Sinha as a Director liable to retire by rotation. The Company has received a notice in writing along with a deposit of Rs. 500/- from a member as required under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri Kranti Sinha as a Director of the Company. The Board Members recommend the resolution as set out in Item No. 6 of the convening Notice for approval of the Shareholders.

Except Shri Kranti Sinha, no other Director is in any way concerned or interested in the aforesaid Resolution.

The information required in terms of clause 49 of the Listing Agreement is given in Corporate Governance Report annexed to the Directors' Report.

Item No 7

Shri A Sankaranarayanan, a highly experienced technocrat, who had looked after the affairs of the Company in his capacity as the Managing Director of the Company, has retired from the services of the Company with effect from the close of the Board Meeting held on 24th May, 2004. In view of his in-depth knowledge of the affairs of the Company, the Board Members felt that it would be beneficial for the Company to keep Shri A Sankaranarayanan associated with the Company in the capacity of a non-executive director and accordingly had appointed him as an Additional Director pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 86 of the Articles of Association of the Company to hold office as such till the conclusion of the ensuing Annual General Meeting.

The Company has received a notice in writing along with a deposit of Rs. 500/- from a member as required under Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Shri A Sankaranarayanan as a Director of the Company.

The Board Members recommend the resolution as set out in Item No. 7 of the convening Notice for approval of the shareholders. Except Shri A Sankaranarayanan, no other Director is in any way concerned or interested in the aforesaid Resolution.

The information required in terms of clause 49 of the Listing Agreement is given in Corporate Governance Report annexed to the Directors' Report.

Item No 8

To fill in the vacancy caused by retirement of Shri A Sankaranarayanan, the Board Members considered it in the interest of the Company, to appoint Shri R Santhanam, the recently appointed President, as Whole Time Director designated as Managing Director of the Company.

Shri R Santhanam is a Senior Corporate Executive having expertise in industrial production planning, product designing, marketing and customer operations including marketing research. Moreover, being an ex-employee, he is fully seized of the workings of the Company and its relative strengths and weaknesses in different functional areas.

Accordingly, the Board of Directors at its meeting held on 24th May, 2004, has appointed Shri R. Santhanam as Whole Time Director designated as Managing Director for a period of five years with effect from the conclusion of the Board meeting held on 24th May, 2004 on the terms and conditions as approved by the Remuneration Committee of Directors and as set out in the Resolution in Item No. 8 of the convening Notice.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose the name of Shri R. Santhanam as a Director of the Company. The appointment and remuneration of Shri R. Santhanam as Managing Director requires the approval of the Shareholders in terms of Section 269 read with Part II of Schedule XIII and 309 of the Companies Act, 1956.

An extract of the terms of appointment as also the remuneration payable to Shri R. Santhanam as Managing Director with effect from the aforesaid date has already been circulated on 28th May, 2004 to the members as required under Section 302 of the Companies Act, 1956.

Accordingly, your Directors recommend the resolution set out in Item No. 8 of the convening Notice for your approval.

Except Shri R. Santhanam, no other Director is in any way concerned or interested in the aforesaid Resolution.

The information required in terms of clause 49 of the Listing Agreement is given in Corporate Governance Report annexed to the Directors' Report.