

Hincon Finance Limited

(CIN: U67120MH1992PLC066854)

Regd Office: Hincan House, 11th Floor, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083.

Website: www.hinconfinance.com **Tel.:** +91 22 25751000 **Fax:** +91 22 25775950

Notice of Postal Ballot

NOTICE TO MEMBERS PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013:

Notice is hereby given to the Members of Hincan Finance Limited, pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, ('the Act') read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and other applicable laws and regulations to seek the consent of Members, of Hincan Finance Limited, for the proposed following resolutions by way of postal ballot.

SPECIAL BUSINESS:

1. To provide security in favour of the Lenders of Hindustan Construction Company Ltd (or their designated agents/ nominees/ trustees), in respect of borrowings/loans availed by Hindustan Construction Company Ltd (HCC):

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification thereof for the time being in force and as may be enacted from time to time), subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board," which term shall include any Committee constituted by the Board to exercise the powers conferred on the Board by this Resolution), to provide security, in connection with the borrowings/loan(s) availed by Hindustan Construction Company Ltd (HCC) from its Lenders ('HCC Lenders'), by way of creating a first ranking pari passu Pledge over 2,38,95,686 equity shares of face value ₹1/- each of Hindustan Construction Company held by the Company ('Additional shares') in favour of the Security Trustee, for the benefit of (a) the Secured Parties covered in the Corporate Debt Restructuring Package (CDR) approved for HCC as per the Master Restructuring Agreement (MRA) dated 29th June, 2012 executed between HCC and the CDR Lenders and (b) CDR Lenders for the enhanced/renewed working capital limits granted by such lenders to HCC as recorded in the minutes of the meeting dated 01 October 2015 of the working capital consortium; and for the benefit of the

Secured Parties covered in the Common Loan Agreement (CLA) dated January 11, 2016 executed between HCC and the CLA Lenders, not exceeding the aforesaid 2,38,95,686 equity shares of face value ₹1/- each of HCC held by the Company constituting 3.07 per cent shares, in the present paid up equity share capital of HCC, in order to secure the facilities availed by HCC under CDR and CLA and such other facilities, if any, as may be sanctioned by the HCC Lenders from time to time (hereinafter 'borrowings/loans availed by HCC') notwithstanding that the aggregate of the loans or guarantees or securities so far given or to be given and/ or securities so far acquired or to be acquired by the Company may collectively exceed the limits prescribed under Section 186 of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of the Company be and is hereby authorised to take from time to time all decisions and such steps as may be necessary for providing the aforesaid security in a form and manner acceptable to HCC Lenders and to execute such documents, deeds, writings, papers and/or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion, deem fit, necessary or appropriate.

2. Creation of Charge by way of Pledge on additional equity shares held by the Company in Hindustan Construction Company Limited to secure the borrowings/loans availed by Hindustan Construction Company Limited:

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time), subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board," which term shall include any Committee constituted by the Board to exercise the powers conferred on the Board by this Resolution) for creating a first ranking pari passu Pledge over 2,38,95,686 equity shares of face value ₹1/- each of Hindustan Construction Company held by the Company ('Additional Equity shares') in favour of the Security Trustee, for the benefit of (a) the Secured Parties covered in the

Corporate Debt Restructuring Package (CDR) approved for HCC as per the Master Restructuring Agreement (MRA) dated 29th June, 2012 executed between HCC and the CDR Lenders and (b) CDR Lenders for the enhanced/renewed working capital limits granted by such lenders to HCC as recorded in the minutes of the meeting dated 01 October 2015 of the working capital consortium; and for the benefit of the Secured Parties covered in the Common Loan Agreement (CLA) dated January 11, 2016 executed between HCC and the CLA Lenders not exceeding the aforesaid 2,38,95,686 equity shares of face value ₹1/- each of HCC held by the Company ('Additional Equity shares') constituting 3.07 per cent shares, in the present paid up equity share capital of HCC, in order to secure the facilities availed by HCC under CDR and CLA and such other facilities, if any, as may be sanctioned by the HCC Lenders from time to time (hereinafter 'borrowings/loans availed by HCC') in addition to the existing charges, mortgages and hypothecations created by the Company, in such form and manner and with such ranking, whether exclusive, pari-passu, subservient or otherwise and at such time and on such terms as the Board may determine, in order to secure the aforementioned borrowings of HCC and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to, between the Board of Directors and the HCC Lender(s) (or their designated agents/ nominees/ trustees).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of the Company be and is hereby authorised to finalise, settle and execute such documents, deeds, writings, papers, and/or agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem fit, necessary or appropriate.

For and on behalf of the Board of Directors

AJIT GULABCHAND
Chairman

Registered Office:

Hincon House,
11th Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai 400 083

Place: Mumbai
Date: April 28, 2016

Notes:

1. The statement to be annexed to Notice under Section 102 (1) of the Act setting out the material facts and reasons for the proposed Special resolutions under Item Nos. 1 & 2, is also appended herewith and is being sent to you along with a postal ballot form for your consideration.
2. The Notice is being sent to all the Members, whose names appear in the Register of Members as on July 8, 2016.

3. Mr. B. Narasimhan, Proprietor, B. N. & Associates, Practising Company Secretary (Membership No. FCS 1303 and Certificate of Practice No. 10440) has been appointed by the Board of Directors of your Company as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

4. You are requested to carefully read the instructions printed on the postal ballot form and return the completed form in the enclosed self-addressed postage pre-paid envelope (if posted in India), so as to reach the Scrutinizer on or before the close of working hours on Tuesday, 23rd August, 2016, the last date for receipt of the completed Postal Ballot Forms. The postage on the enclosed self-addressed postage pre-paid envelope shall be borne and paid by the Company.

Please note that all postal ballot forms received after 23rd August, 2016 (5.00 pm) will be strictly treated as if the reply from the member has not been received.

5. Please carefully read and follow the instructions given in the enclosed Postal Ballot Form for the purpose of voting.
6. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of July 8, 2016.
7. Mr. B. Narasimhan, the Scrutinizer shall after the conclusion of the voting by Physical Ballot form, will count the votes cast by physical ballot in the presence of at least two(2) witnesses not in the employment of the Company and shall submit his report as soon as possible after the last date of receipt of postal ballot but not later than Friday, August 26, 2016.
8. Shareholders who do not receive the Postal Ballot Form may apply and obtain a duplicate thereof, from the Company.
9. In case, shares are jointly held, the postal ballot form should be completed and signed (as per the specimen signature registered with the company) by the first named Member and in his/her absence, by the next named Member.

In case of shares held by companies, trusts, societies, etc. the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board Resolution/ Authority letter together with attested specimen signature(s) of the duly authorized signatory/ ies, giving requisite authority to the person voting on the Postal Ballot Form.

10. A tick (✓) mark should be placed in the relevant box signifying assent / dissent for the resolution, as the case may be, before mailing the Postal Ballot Form.
11. The vote in this Postal Ballot cannot be exercised through proxy.
12. The Scrutinizer's decision on the validity or otherwise of the Postal Ballot will be final.
13. The Scrutinizer will submit his report upon completion of scrutiny of postal ballots in a fair and transparent manner, to the Chairman of the Company or such other person authorised in this regard. The result of the postal ballot will

be announced by the Chairman on Friday, 26th August, 2016 at the Registered Office of the Company and the same will also be displayed on the Company's website www.hinconfinance.com within two days after the date of announcement of the result of the postal ballot. The date of announcement of the result of postal ballot shall be taken to be the date of passing of the resolutions as mentioned in this Notice.

For and on behalf of the Board of Directors

AJIT GULABCHAND

Chairman

Registered Office:

Hincon House,
11th Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai 400 083

Place: Mumbai

Date: April 28, 2016

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item Nos. 1 & 2

As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can make any loan, investment or give guarantee or provide any security beyond the prescribed ceiling of i) Sixty per cent of the aggregate of the paid-up capital and free reserves and securities premium account or, ii) Hundred per cent of its free reserves and securities premium account, whichever is more, if a special resolution is passed by the members of the Company.

The Members are also informed that the Board of Directors of the Company had at its Meeting held on June 29, 2012, noted the proposed restructuring of HCC's Debts as per the terms of the Approved CDR Package contained in the CDR LOA issued to HCC in this regard, and also noted the relevant obligatory clauses of the CDR LOA read with the Master Restructuring Agreement (MRA) as applicable to the Company.

As a part of the stipulation in the CDR Package of HCC, the Company had made Promoter Contribution to HCC and thereupon HCC had made corresponding Preferential Allotment of 2,38,95,686 Equity Shares of ₹1/- each to the Company ("Additional Shares") upon which Pledge is required to be created for the benefit of (a) the Secured Parties covered in the CDR and (b) CDR Lenders for the enhanced/renewed working capital limits granted by such lenders to HCC as recorded in the minutes of the meeting dated 01 October 2015 of the working

capital consortium; and for the benefit of the Secured Parties covered in the CLA as additional security as per the respective terms and conditions of the MRA/CLA.

Accordingly, permission is sought from shareholders pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted committee thereof, for creating the Security Interest in favour of HCC Lenders (or their designated agents/ nominees/ trustees) in order to secure the facilities availed/ to be availed by HCC as stated under resolution at Item No. 1 as the creation of the aforementioned security interest by way of pledge on the Additional shares shall exceed the limits specified in Section 186 of the Act.

The security so provided will be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant rules made there under.

The shareholders are also informed that as per provisions of Section 180 (1) (a) of the companies Act 2013, the creation of a Charge, by way of Pledge over the above mentioned 2,38,95,686 equity shares of face value of ₹ 1/- each of HCC held by the Company, in favour of the Security Trustees for the benefit of the HCC Lenders, in the manner specified in the Resolution at Item No. 2 may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company, should the pledge be invoked in part or as a whole, by the HCC Lenders and hence, requires approval from the members of the Company by way of a Special Resolution as put forth at Item No. 2.

Accordingly, it is proposed to pass an enabling special resolution at Item No. 2 authorizing the Board to create the necessary Security Interest/Charge by way of Pledge over the above mentioned shares. of HCC, held by the Company.

The Board accordingly recommends to pass the Special resolutions at Item Nos. 1 & 2 through postal ballot.

None of the Directors of the Company or their respective relatives are in any way concerned or interested, financially or otherwise in the foregoing resolutions at Item Nos. 1 & 2 except to the extent of their shareholding in the Company.

For and on behalf of the Board of Directors

AJIT GULABCHAND

Chairman

Registered Office:

Hincon House,
11th Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli (West),
Mumbai 400 083

Place: Mumbai

Date: April 28, 2016