

SCHEME OF AMALGAMATION
BETWEEN
HIMSHIKHAR INVESTMENT LIMITED
AND
DALMIA BHARAT SUGAR AND INDUSTRIES LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(Under Sections 230-232 and other applicable provisions of the Companies Act, 2013)
(“the Scheme”)

PREAMBLE

This Scheme of Amalgamation (‘Scheme’) is presented under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, for the amalgamation of Himshikhar Investment Limited (hereinafter referred to as “HIL” or “the Transferor Company”) with Dalmia Bharat Sugar and Industries Limited (hereinafter referred to as “DBSIL” or “the Transferee Company”) and various other matters consequential or otherwise integrally connected therewith.

DESCRIPTION OF COMPANIES

HIL is an unlisted public company limited by shares, incorporated on the 09th day of September, 1997 under the provisions of Companies Act, 1956 and is having its registered office at Dalmiapuram, P.O. Kallakudi, Tiruchirappalli, Tamil Nadu – 621651. HIL is a registered Non-Banking Financial Company (NBFC) mainly holding equity investments in Group company. It is a wholly owned subsidiary of DBSIL.

DBSIL is a public company limited by shares, incorporated on the 01st day of November, 1951 under the provisions of Indian Companies Act, 1913 and is having its registered office at Dalmiapuram, Tiruchirappalli, Tamil Nadu – 621651. DBSIL is mainly engaged in

manufacturing of sugar, generation of power, manufacturing of industrial alcohol and manufacturing of refractory products. The equity shares of DBSIL are listed on BSE Limited and the National Stock Exchange of India Limited.

RATIONALE AND PURPOSE OF THE SCHEME

- The management of HIL and DBSIL are desirous of merging HIL into DBSIL to achieve the following objectives:
 - i. Reduce the number of companies;
 - ii. Integration of resources of both the companies into a single entity;
 - iii. Rationalise the legal and regulatory compliances; and
 - iv. Rationalisation of administrative, compliance and other operational costs.

PARTS OF THE SCHEME

This Scheme is divided into the following parts:

- a) **PART I** deals with Definitions and Interpretations;
- b) **Part II** deals with details of Share Capital of HIL and DBSIL;
- c) **PART III** deals with provisions relating to amalgamation of HIL with DBSIL;
- d) **PART IV** deals with General Terms and Conditions applicable to this Scheme.

PART I – DEFINITIONS AND INTERPRETATIONS

1. DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context thereof, the following expressions shall have the following meaning:

- 1.1 **“Act” or “the Act”** means the Companies Act, 2013 including the rules and regulations made thereunder, and any alterations, modifications, amendments made thereto and/or any re-enactment thereof, as applicable and for the time being in force;
- 1.2 **“Applicable Law(s)”** means: (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, circulars, listing agreements, notifications, guidelines or policies of any applicable country and/or jurisdiction, (b) administrative interpretation, writ, injunction, directions, directives,

judgment, arbitral award, decree, orders or governmental approvals of, or agreements with, any governmental authority or recognized stock exchange, and (c) international treaties, conventions and protocols, as may be in force from time to time;

- 1.3 **“Appointed Date”** means April 01, 2021 or such other date as may be agreed by the Board of HIL and DBSIL or as the Hon’ble National Company Law Tribunal, Chennai Bench, may decide/approve;
- 1.4 **“Board of Directors” or “Board”** in relation to HIL and DBSIL, as the case may be, means the Board of Directors of such company, and shall include a committee duly constituted and authorized by each of the companies and/or their respective Boards, for the purposes of various matters pertaining to the Scheme and/or any other related, connected or incidental matters;
- 1.5 **“DBSIL” or “Transferee Company”** means Dalmia Bharat Sugar and Industries Limited, a public company limited by shares, incorporated on November 01, 1951 under the provisions of the Indian Companies Act, 1913 and having its registered office at Dalmiapuram, Tiruchirappalli, Tamil Nadu – 621651;
- 1.6 **“Effective Date”** means the last of the dates on which the certified copy of the Order sanctioning this Scheme as passed by the National Company Law Tribunal, Chennai Bench is filed by HIL and DBSIL with the Registrar of Companies, Chennai, Tamil Nadu. Any references in the Scheme to “upon the Scheme becoming effective” or “effectiveness of the Scheme” or “upon coming into effect of this Scheme” shall mean the “Effective Date”;
- 1.7 **“Encumbrance”** means any: (a) charge, lien (statutory or other), or mortgage, any easement, right of way, right of first refusal or other encumbrance or security interest securing any obligation of any person; (b) pre-emption right, option, right to acquire, right to set off or other third party right or claim of any kind, including any restriction on use, voting, transfer, receipt of income or exercise; or (c) any equity, assignments hypothecation, title retention, restriction, power of sale or other type of preferential arrangements; or (iv) any agreement to create any of the above, and the term “Encumbered” shall be construed accordingly;

- 1.8 **"Governmental Authority"** means any applicable central, state or local government or semi-government, legislative body, executive, regulatory (including Reserve Bank of India amongst others) or administrative authority, local authority, agency or commission or any court, tribunal, board, department, commission, entity, agency, bureau, instrumentality, official, judicial or arbitral body, statutory body or stock exchange, or any other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law;
- 1.9 **"HIL" or "Transferor Company"** means Himshikhar Investment Limited, a public company limited by shares, incorporated on September 09, 1997 under the provisions of the Companies Act, 1956 and having its registered office at Dalmiapuram, P.O. Kallakudi, Tiruchirappalli, Tamil Nadu – 621651;
- 1.10 **"Income Tax Act"** means the Income Tax Act, 1961, including the rules made thereunder, and any amendments, alterations, modifications made thereto or any re-enactments thereof for the time being in force;
- 1.11 **"National Company Law Tribunal" or "NCLT" or "Tribunal"** means the National Company Law Tribunal, Chennai Bench, constituted by the Central Government under Section 408 of the Act having jurisdiction in relation to HIL and DBSIL;
- 1.12 **"Scheme" or "the Scheme" or "this Scheme"** means this Scheme of Amalgamation between Himshikhar Investment Limited and Dalmia Bharat Sugar and Industries Limited and their respective shareholders and creditors, in its present form as submitted to the NCLT or this Scheme with such modification(s), if any made, as per clause 16 of the Scheme;
- 1.13 **"Taxation" or "Tax" or "Taxes"** means all forms of taxes (whether direct or indirect) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or

attributable directly or primarily to HIL and DBSIL and all penalties, charges, costs and interest relating thereto.

2. INTERPRETATIONS

- 2.1 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, Income Tax Act, Indian Accounting Standards, other Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.
- 2.2 In this Scheme, unless the context otherwise requires:
- 2.2.1 Words denoting singular shall include plural and vice versa;
 - 2.2.2 headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
 - 2.2.3 references to the word "include" or "including" shall be construed without limitation;
 - 2.2.4 a reference to an article, clause, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, clause, section, paragraph or schedule of this Scheme;
 - 2.2.5 reference to a document includes an amendment or supplement to, or replacement or novation of, that document; and
 - 2.2.6 references to a person include any individual, firm, body corporate (whether incorporated or not), Government, state or agency of a state or any joint venture, association, partnership, works councilor, employee representatives body (whether having separate legal personality or not).
 - 2.2.7 references to any of the terms, taxes, duty, levy, cess in the Scheme shall be construed as reference to all of them whether jointly or severally.
 - 2.2.8 word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.
 - 2.2.9 references to dates shall be construed to be references to Indian dates;

2.2.10 any reference to any statute or statutory provision shall include:

- i. all subordinate legislations made from time to time under that provision (whether amended, modified, re-enacted or consolidated from time to time or not) and any retrospective amendment; and
- ii. such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 3.1 The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or made as per clause 16 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

PART II - SHARE CAPITAL

4. SHARE CAPITAL

- 4.1 The authorized, issued, subscribed and paid up share capital of HIL as on September 30, 2020 is as under:

| Share Capital | Amount (Rs. in Crores) |
|---|-----------------------------------|
| Authorized Share Capital | |
| 5,00,000 Equity Shares of Rs. 10/- each | 0.50 |
| Total | 0.50 |
| Issued, Subscribed and Paid-up Share Capital | |
| 4,50,000 Equity Shares of Rs. 10/- each | 0.45 |

| Share Capital | Amount (Rs. in Crores) |
|----------------------|-----------------------------------|
| Total | 0.45 |

Subsequent to the above date and up to the date of approving the Scheme by the Board of Directors of HIL, there has been no change in the authorized, issued, subscribed and paid up share capital of HIL. As on the date of approving the Scheme by the Board, the entire issued, subscribed and paid up equity share capital of HIL is held by DBSIL and its nominees.

- 4.2 The authorized, issued, subscribed and paid up share capital of DBSIL as on September 30, 2020 is as under:

| Share Capital | Amount (Rs. in Crores) |
|---|-----------------------------------|
| Authorized Share Capital | |
| 11,47,26,820 Ordinary Equity Shares of Rs. 2/- each | 22.95 |
| 8,52,73,180 Unclassified Equity Shares of Rs. 2/- each | 17.05 |
| Total | 40.00 |
| Issued, Subscribed and Fully Paid-up Share Capital | |
| 8,09,39,303 Ordinary Equity Shares of Rs. 2/- each | 16.19 |
| Total | 16.19 |

Subsequent to the above date and up to the date of approving the Scheme by the Board of Directors of DBSIL, there has been no change in the authorized, issued, subscribed and paid up share capital of DBSIL.

PART III - AMALGAMATION OF HIL WITH DBSIL

5. TRANSFER AND VESTING

5.1 With effect from the opening of business as on the Appointed Date and upon the Scheme becoming effective, the entire business and whole of the undertaking of HIL shall, pursuant to the provisions of Sections 230-232 and all other applicable provisions of the Act, and without any further act, instrument, deed, matter or thing, stand transferred to and vested in or deemed to be transferred to and vested in DBSIL, as a going concern, so as to become, as from the Appointed Date, the assets and liabilities of DBSIL in the following manner:

5.1.1 All assets of HIL as are movable in nature or incorporeal property or are otherwise capable of being transferred and vested by manual delivery or by endorsement and delivery shall stand transferred and vested from HIL in favour of DBSIL and shall become the assets and an integral part of DBSIL. The vesting pursuant to this clause shall be deemed to have occurred by manual/constructive delivery and/or by delivery of possession and/or by endorsement and delivery, as appropriate in relation to the property/asset, towards the end and intent that the title of the asset is transferred and vested with DBSIL on such delivery without requiring any deed or instrument of conveyance for the same. Any investment of HIL held in dematerialized form will be transferred to DBSIL by issuing appropriate delivery instructions to the depository participant with whom HIL has an account. Such delivery and transfer shall be made on a date mutually agreed upon between the respective Boards of HIL and DBSIL, being a date after the sanction of the Scheme by the NCLT.

5.1.2 The moveable assets of HIL, other than those specified in the clause above, including actionable claims, trade receivables, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits including deposits paid in relation to outstanding litigations, if any, with Governmental Authority or other authorities and bodies, customers and other persons, shall, without any further act, instrument or deed, be transferred to and vested in as the property of DBSIL. DBSIL may, if required, give notice in such form as it may deem fit and proper to each person that, pursuant to the Scheme, the said person should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of DBSIL to recover or

realise the same is in substitution of the right of HIL and that appropriate entry should be passed in its respective books to record the aforesaid charges. Any document of title pertaining to the assets of HIL shall also be deemed to have been mutated and recorded as title of DBSIL to the same extent and manner as originally held by HIL to the end and intent that all the ownership, right, title and interest so vesting in DBSIL will be such as if DBSIL was originally HIL. DBSIL shall, be entitled to the delivery and possession of all documents of title including all related documents of all such movable assets of HIL.

5.1.3 Without prejudice to any of the clauses above, with effect from the Appointed Date and upon the Scheme becoming effective, all immoveable properties, including land together with buildings and structure and rights thereon, whether freehold or leasehold, relating to HIL and any documents of title, rights, interests, claims, including leases, licenses and easements in relation thereto, shall, pursuant to the applicable provisions of the Act and the Scheme, without any further act, instrument, deed, matter or thing, stand transferred to and vested into DBSIL, as of the Appointed Date. The mutation of the title to the immoveable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in accordance with the terms hereof, in favour of DBSIL without requirement of execution of any further documents for registering the name of DBSIL as owner thereof and the regulatory authorities, including Sub-registrar of Assurances, Talati, Tehsildar, etc. may rely on the Scheme along with the copy of the Order passed by the NCLT, to make necessary mutation entries and changes in the land or revenue records to reflect the name of DBSIL as owner of the immovable properties.

5.1.4 All intellectual property rights including registrations, licenses, trademarks, logos, service marks, copyrights, domain names, trade names, and applications relating thereto, goodwill, know how, trade secrets, various business and commercial rights or any other property of like nature, of HIL, if any, whether recorded in the books of accounts of HIL or not, shall stand vested in DBSIL without any further act, instrument or deed. Any document of title pertaining to

the intangible assets of HIL shall also be deemed to have been mutated and recorded as titles of DBSIL to the same extent and manner as originally held by HIL to the end and intent that all the ownership, right, title and interest so vesting in DBSIL will be such as if DBSIL was originally HIL. DBSIL shall, be entitled to the delivery and possession of all documents of title including all related documents of all such assets of HIL.

- 5.1.5 Without prejudice to the generality of the forgoing, it is clarified that upon the coming into effect of this Scheme, all permits, authorizations, licenses, consents, registrations, approvals, municipal permissions, industrial licenses, registrations, privileges, easements and advantages, facilities, rights, powers and interest (whether vested, contingent or impending), of every kind and description of whatsoever nature in relation to HIL, to which HIL is a party to or to the benefit of which HIL may be eligible and which are subsisting or having effect immediately before the Appointed Date shall subject to Applicable Law, stand transferred to and vested in or shall be deemed to be transferred to and vested in DBSIL as if the same were originally given or issued to or executed in favour of DBSIL, and the rights and benefits under the same shall be available to DBSIL. Further, HIL and / or DBSIL shall execute such further deeds or documents as may be required to give effect to this clause.
- 5.1.6 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of HIL after the Effective Date shall be accepted by the banker(s) of DBSIL and credited to the account of DBSIL, if presented by DBSIL or received through electronic transfers. Similarly, the banker(s) of DBSIL shall honour all cheques/electronic fund transfer instructions issued by HIL for payment after the Effective Date.
- 5.1.7 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, trade payables, duties and obligations, secured or unsecured, of every kind, nature and description, whether or not provided in the books, of HIL, shall, under the provisions of Sections 230-232 of the Act, and without any further act or deed, be transferred to or be deemed to

be transferred to DBSIL so as to become, from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of DBSIL and 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, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause.

5.1.8 All *inter-se* liabilities (including liabilities in the form of securities), between HIL and DBSIL, if any, due or outstanding or which may at any time immediately prior to the Appointed Date become due or remain outstanding, shall stand cancelled and be deemed to have been discharged by such cancellation and consequently, there shall remain no inter-se liability between them as of Effective Date and corresponding effect shall be given in the books of account and records of DBSIL.

5.1.9 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and those created by HIL after the Appointed Date, over the assets of HIL transferred to DBSIL shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Such securities, mortgages, charges, encumbrances or liens shall not relate or attach or extend to any of the other assets of DBSIL.

Similarly, DBSIL shall not be required to create any additional security over assets vested under this Scheme for any loans, debentures, deposits or other financial assistance already availed of or to be availed of by it, and the encumbrances in respect of such indebtedness of DBSIL shall not extend or be deemed to extend or apply to the assets so vested.

5.1.10 Subject to applicable laws, any undertaking of HIL, which is binding on HIL as on the Appointed Date of this Scheme, to give a guarantee to any person in respect of any obligation of HIL shall continue in full force and effect against DBSIL.

5.1.11 Where any of the liabilities and obligations attributed to HIL on the Appointed Date have been discharged by HIL on or after the Appointed Date and prior to

the Effective Date, such discharge shall be deemed to have been for and on behalf of DBSIL.

5.1.12 Upon the Scheme becoming effective, all taxes payable by, or refundable to, HIL, including any refunds, claims or credits (including credits for income tax, withholding tax, advance tax, self-assessment tax, minimum alternate tax, CENVAT credit, goods and services tax credits, other indirect tax credits and other tax receivables) shall be treated as the tax liability, refunds, claims, or credits, as the case maybe, of DBSIL. DBSIL shall be entitled to initiate, raise, add or modify any claims in relation to such taxes on behalf of HIL.

5.1.13 Taxes, if any, paid or payable by HIL after the Appointed Date shall be treated as paid or payable by DBSIL and DBSIL shall be entitled to claim the credit, refund or adjustment for the same as may be applicable. If HIL is entitled to any unutilized credits (including balances or advances), benefits, subsidies, grants, special status and other benefits or privileges of whatsoever nature under the incentive schemes and policies including tax holiday or concessions under any Tax Laws or Applicable Laws, the same shall, to the extent statutorily available and along with associated obligations, stand transferred to and be available to DBSIL as if DBSIL was originally entitled to all such benefits, entitlements, incentives and concessions and DBSIL shall be entitled as an integral part of the Scheme to claim such benefit or incentives or unutilised credits as the case may be automatically without any specific approval or permission.

5.1.14 Upon the Scheme becoming effective, DBSIL shall have the right to revise its financial statements and returns along with prescribed forms, filings and annexures under the Tax Laws and to claim refunds and/or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of the Scheme.

5.1.15 It is hereby clarified that in case of any refunds, benefits, incentives, grants, subsidies, etc., HIL, shall, if so required by DBSIL, issue notices in such form as DBSIL may deem fit and proper stating that pursuant to the NCLT having sanctioned this Scheme under Sections 230 to 232 of the Act, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on

account of DBSIL, as the person entitled thereto, to the end and intent that the right of HIL, to recover or realise the same, stands transferred to DBSIL and that appropriate entries should be passed in their respective books to record the aforesaid changes;

- 5.2 This Scheme has been drawn up complying with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income Tax Act. Further, if any terms or provisions of the Scheme are found or interpreted to be inconsistent with the said provisions 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 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act. Such modification will however not affect other parts of the Scheme.

6 CONSIDERATION

- 6.1 The entire issued, subscribed and paid-up share capital of HIL is held by DBSIL and its nominees.
- 6.2 Upon the Scheme becoming effective, no shares of DBSIL shall be issued or allotted in lieu or exchange of its holding in HIL and, investment in the share capital of HIL held by DBSIL shall stand cancelled accordingly.

7 ACCOUNTING TREATMENT IN THE BOOKS OF DBSIL

- 7.1 Upon the Scheme becoming effective and with effect from the Appointed Date, DBSIL shall account for the amalgamation in its books of accounts as under:
- 7.1.1 All the assets, liabilities and reserves / surplus of HIL as appearing in the books of accounts of HIL shall stand transferred to and vested in DBSIL and shall be recorded by DBSIL at their respective carrying values as appearing in the books of accounts of HIL.
- 7.1.2 The identity of the reserves / surplus of HIL shall be maintained and the same shall be aggregated with the balances of similar reserves / surplus, if any, in the books of DBSIL.

- 7.1.3 The carrying value of the investments in the equity share capital of HIL, as appearing in the books of accounts of DBSIL shall stand cancelled.
- 7.1.4 Inter-Company outstanding balances, if any, will stand cancelled.
- 7.1.5 The net difference, if any, between clause 7.1.1 and clause 7.1.3 above, after providing for the adjustments referred to in clause 7.1.4 above, shall be transferred to Capital Reserve account.
- 7.2 In case of any differences in the accounting policy between HIL and DBSIL, the accounting policies followed by DBSIL will prevail and the difference shall be adjusted in Capital Reserves of DBSIL, to ensure that the books of accounts of DBSIL reflect the financial position on the basis of consistent accounting policy.

8 AGGREGATION OF AUTHORISED SHARE CAPITAL

- 8.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the authorised share capital of DBSIL shall automatically stand increased, without any further act, instrument or deed on part of DBSIL including payment of stamp duty and fees payable to Registrar of Companies, by the authorised share capital of HIL as on the Effective Date.
- 8.2 The Memorandum of Association of DBSIL (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended and no future resolutions under section 13, 61 and any other applicable provisions of the Act would be required to be separately passed. The stamp duties and fees paid on the authorised capital of HIL shall be utilized and applied to increase the authorised share capital of DBSIL. The same shall be deemed to have been so paid by DBSIL for increase in its authorised share capital. Accordingly, no extra stamp duty and/or fee shall be payable by DBSIL for increase in the authorised share capital to that extent. The Memorandum of Association and Articles of Association of DBSIL shall be amended as may be required to give effect to this clause.
- 8.3 It is clarified that the approval of the members of DBSIL to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of DBSIL as may be required under the Act.

- 8.4 Upon giving effect to the Scheme, the capital clause of Memorandum of Association of DBSIL would be restated as under:

“The Capital of the Company is Rupees Forty Crores and Fifty Lakhs only, capable of being increased or decreased in accordance with law. The said Capital of the Company will be divided into 11,72,26,820 Ordinary Shares of Rs. 2/- each and 8,52,73,180 Unclassified Shares of Rs. 2/- each. The Board of Directors of the Company are authorised to classify the Unclassified Shares of Rs. 2/- into Ordinary or Preference Shares (whether with or without voting power in accordance with the Articles of Association of the Company) at their sole discretion.”

9 CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 9.1 Upon the approval of this Scheme by the Board of Directors of HIL and DBSIL and upto and including the Effective Date, HIL shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its properties and assets for and on account of and in trust for DBSIL. HIL undertakes to hold the said assets with utmost prudence until the Effective Date.
- 9.2 Upon the approval of this Scheme by the Board of Directors of HIL and DBSIL and upto and including the Effective Date, HIL shall carry on its business and activities with reasonable diligence, business prudence and shall not, except in the ordinary course of business or with prior written consent of DBSIL, undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party; or alienate, charge, mortgage, encumber or otherwise deal with or dispose of any business or part thereof.
- 9.3 With effect from the Appointed Date, all the profits or income accruing or arising to HIL or expenditure or losses arising or incurred or suffered by HIL shall for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of DBSIL. All taxes (including Income Tax, Service Tax, Value Added Tax, Goods and Services Tax, etc.), paid or payable, whether by way of deduction at

- source, advance tax or otherwise, by HIL, in respect of the profits or activities or operations of business after the Appointed Date, the same shall be deemed to be paid or payable on behalf of DBSIL and shall, in all proceedings, be dealt with accordingly.
- 9.4 HIL shall not vary the terms and conditions of employment of any of its employees, except in the ordinary course of business or with the prior written consent of DBSIL or pursuant to any pre-existing obligation undertaken by it, as the case may be, prior to the Appointed Date.
- 9.5 DBSIL shall be entitled, pending sanction of the Scheme, to apply to relevant Governmental Authority, if required, under Applicable Law(s), for such consents, approvals and sanctions, which may be required pursuant to this Scheme or which may be required to carry on the business of HIL without any interruption. However, on the Scheme becoming effective, DBSIL not be classified as an NBFC and hence, will not require a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934, similar to the one granted to HIL by the Reserve Bank of India.

10 EMPLOYEES

- 10.1 Upon the Scheme becoming effective, all staff, workmen and employees of HIL, if any, who are in service as on the Effective Date shall become staff, workmen and employees of DBSIL by operation of law, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with DBSIL shall not be less favorable than those applicable to them with reference to their employment with HIL on the Effective Date. DBSIL agrees that the services of all such employees with HIL, up to the Effective Date shall be taken into account for purposes of all retirement benefits to which they may be eligible as on the Effective Date.
- 10.2 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or such other Special Fund, if any, or Trusts (hereinafter collectively referred as 'Funds') created for the benefit of the staff, workmen and employees of HIL shall, with the approval of the concerned authorities, become Funds of DBSIL, or shall be transferred to or merged with other similar funds of DBSIL for all purposes whatsoever in relation to the administration or operation of such Funds or in relation to the obligation to make contributions to the said Funds in

accordance with the provisions thereof as per the terms provided in the respective Trust Deeds or other agreements, if any, to the end and intent that all rights, duties, powers and obligations of HIL in relation to such Funds shall become those of DBSIL. It is clarified that the services of the staff, workmen and employees will be treated as having been continuous for the purpose of the said Funds.

- 10.3 Services of all employees of HIL, shall be taken into account by DBSIL for the purposes of all benefits to which such staff, workmen, and employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and other retirement benefits and accordingly, such benefits shall be reckoned from the date of their respective appointment in HIL. DBSIL undertakes to pay the same, as and when payable under Applicable Laws.
- 10.4 HIL will transfer/handover to DBSIL, copies of employment information of all such transferred employees of HIL, including but not limited to, personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or ongoing leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files and all forms, notifications, orders and contribution/identity cards issued by the concerned authorities relating to benefits transferred pursuant to this sub-clause.
- 10.5 DBSIL shall continue to abide by any agreement(s)/ settlement(s) entered into by HIL with its employees, which are subsisting or having effect immediately prior to Appointed Date and continuing from Appointed Date till the Effective Date.

11 LEGAL PROCEEDINGS

- 11.1 Upon the Scheme becoming effective, all suits, appeals, action, legal, administrative or other proceedings of whatsoever nature, by or against HIL in any court or before any authority, judicial, quasi-judicial or administrative, any adjudicating authority pending on the Effective Date, shall not abate or be discontinued or in any way be prejudicially affected by reason of amalgamation or by anything contained in this Scheme, but the same shall be continued and enforced by or against DBSIL in the manner and to the

same extent as would have been continued, prosecuted and enforced by or against HIL as if this Scheme had not been made. HIL shall not be liable to pay any amounts arising out of such proceedings including interest, penalties, damages, costs etc. and the same shall be paid only by DBSIL.

- 11.2 DBSIL undertakes to have all legal or other proceedings initiated by or against HIL referred to in clause 11.1 above, transferred into its name and to have the same continued, prosecuted and enforced by or against DBSIL to the extent legally permissible after the Scheme being effective. To the extent such proceedings cannot be taken over by DBSIL, the same shall be pursued by or against HIL for and on behalf of DBSIL as per the instructions of and entirely at the cost and expenses of DBSIL.

12 CONTRACTS, DEEDS, OTHER ENTITLEMENTS, ETC.

- 12.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature (including but not limited to all leave and license agreements/deeds, lease agreements/deeds, bank guarantees, performance guarantees and letters of credit, hire purchase agreements, lending agreements and such other agreements, deeds, documents and arrangements) pertaining to HIL, which is subsisting or having effect as on the Effective Date, shall be in full force and effect against or in favour of DBSIL, and may be enforced by or against DBSIL as fully and effectually as if, instead of HIL, DBSIL had been a party or beneficiary thereto.
- 12.2 DBSIL shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations, to which HIL will, if necessary, also be party, in order to give formal effect to the provisions of this Scheme. DBSIL shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of HIL and to implement or carry out all formalities required on the part of HIL to give effect to the provisions of this Scheme.

13 SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the entire business and whole of the undertaking of HIL along with all its assets and liabilities under clause 5 above and the continuance of proceedings by or against HIL under clause 11 above shall not affect any transaction or

proceedings already concluded by HIL on and after the Appointed Date till the Effective Date, to the end and intent that DBSIL accepts and adopts all acts, deeds and things done and executed by HIL in respect thereto as done and executed on behalf of itself.

14 DISSOLUTION OF HIL

14.1 On the Scheme becoming effective, with effect from the Effective Date, HIL shall without any further act, instrument or deed, stand dissolved automatically without being wound-up in accordance with the provisions of Section 230 and 232 of the Act.

14.2 On and from the Effective Date:

14.2.1 The certificate of registration granted to HIL by the Reserve Bank of India under section 45-IA of the Reserve Bank of India Act, 1934 shall be surrendered; and

14.2.2 The name of HIL shall be struck off from the records of the Registrar of Companies, Chennai, Tamil Nadu.

PART IV - GENERAL TERMS AND CONDITIONS

15 APPLICATION TO NCLT

15.1 HIL and DBSIL shall, with all reasonable dispatch, make all necessary applications, under Sections 230 to 232 and other applicable provisions of the Act, to the NCLT for seeking approval to the Scheme under the provisions of law.

16 MODIFICATION OR AMENDMENTS TO THE SCHEME

HIL and DBSIL (through their respective Boards or the committees as may be empowered by the Board), in their full and absolute discretion, jointly and as mutually agreed in writing may:

16.1 Assent to and/or consent to any alteration(s) or modification(s) or amendment(s) or addition(s) / deletion(s) to this Scheme or to any conditions or limitations which the NCLT and/or any other Governmental Authority may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events or otherwise by them (i.e. the Board) and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;

16.2 Take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions of law or otherwise, whether by reason of any directive or

orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith;

- 16.3 Modify or vary the Scheme or any part thereof, prior to the Effective Date, in any manner and at any time, subject to such modification being compliant with applicable laws;
- 16.4 It is clarified that the approval of the shareholders and/or creditors (including by way of dispensation ordered by NCLT) of HIL and DBSIL, as may be applicable, to the Scheme shall include their approval to any subsequent modifications to the Scheme which may be undertaken by the Boards of HIL and DBSIL under this clause.

17 WITHDRAWAL

HIL and DBSIL, acting through their respective Board of Directors shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority / person or otherwise is unacceptable to any of them, in which case the Board of the other company shall decide consequent actions as considered appropriate by them.

18 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- 18.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the shareholders and creditors of HIL and DBSIL, as required under the Act and as may be directed by the NCLT;
- 18.2 The requisite consent, approval or permission of any Governmental Authority, which by law or otherwise may be necessary for the implementation of this Scheme;
- 18.3 The Scheme being sanctioned by the NCLT or any other authority under Sections 230-232 of the Act and the rules made thereunder;
- 18.4 The certified copy of the order of the NCLT sanctioning the Scheme is filed with the jurisdictional office of the Registrar of Companies by HIL and DBSIL;
- 18.5 All other sanctions and approvals as may be required by law in respect of this Scheme being obtained;

19 EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any of the said sanctions and approvals referred to in the preceding clause not being obtained and/ or the Scheme not being sanctioned by the NCLT or such other competent authority, if applicable and/or the order not being passed as aforesaid before March 31, 2022 or within such further period or periods as may be mutually agreed upon between HIL and DBSIL, by their respective Board of Directors (and which the Board of Directors of the companies are hereby empowered and authorized to agree to and extend the Scheme from time to time without any limitation), this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights, liabilities or obligations which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

20 COSTS, CHARGES AND EXPENSES

- 20.1 Save and except as provided elsewhere in the Scheme, all costs, charges, taxes including duties, levies and all other expenses, if any, incurred in carrying out and implementing the terms and provisions of this Scheme and matters incidental thereto, shall be borne and paid by DBSIL.
- 20.2 In the event that this Scheme fails to take effect, or the scheme is revoked in terms of clause 17, 18 and 19 of this Scheme, then, HIL and DBSIL, shall bear their own costs and expenses incurred by them, in relation to or in connection with the Scheme.