



HDFC General Insurance Limited

(Formerly L&T General Insurance Company Limited)

An HDFC ERGO Company

Registered Office: HDFC House, 1st Floor, 165 - 166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400 020.
Tel No. +91 22 6638 3600 | Fax: +91 22 6638 3699 | care@hdfcigi.com | www.hdfcigi.com
IRDAI Reg. No. 146 | CIN: U66030MH2007PLC177117

February 13, 2017

Sir/ Madam,

**Re: BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH
TRANSFERRED COMPANY APPLICATION NO. 31 OF 2017
HDFC GENERAL INSURANCE LIMITED ... APPLICANT**

- We wish to inform you that pursuant to receipt of the approvals of the Competition Commission of India (CCI) and the Insurance Regulatory and Development Authority of India (IRDAI), 100% shareholding of the Company have been acquired by HDFC ERGO General Insurance Company Limited (HDFC ERGO) on September 9, 2016, pursuant to which the Company became a wholly-owned subsidiary of HDFC ERGO. The name of the Company was thereafter changed to HDFC General Insurance Limited (HGI).
- To avail the benefit of synergy of operation, greater financial strength, rationalisation and standardisation of business processes, cost management and efficiencies, the Board of Directors approved a Scheme of Arrangement of merger of HDFC ERGO with the Company. In this regard, requisite application was filed with the Hon'ble High Court of Judicature at Bombay, which application was thereafter transferred to the National Company Law Tribunal, Mumbai.
- Vide Order dated January 20, 2017, the Division Bench of National Company Law Tribunal, Mumbai has directed a meeting of the "Equity Shareholders" of the Company to be held for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Arrangement proposed to be made between the Company and HDFC ERGO ("the Scheme"). The Company has also been directed to serve notice of the said meeting *inter alia* on its Equity Shareholders and Unsecured Creditors along with other documents as prescribed under the Companies Act, 2013.
- In this regard, please find enclosed herewith:-
 - Notice of Meeting of the Equity Shareholders;
 - Statement under Section 230(3) of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;
 - Copy of the Scheme; and
 - Copy of letter dated February 13, 2017 addressed by the members of the Company proposing a modification to the Scheme.

Please note that as the members who have issued the said letter hold 100 % of the total shareholding of the Company, it is likely that the Scheme will be approved with the proposed modification.

Yours truly,

For HDFC General Insurance Limited

Sd/-

Ritesh Kumar

Chairperson appointed for the meeting

Encl: a/a.



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COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS

Day	:	Wednesday
Date	:	March 29, 2017
Time	:	12:30 PM
Venue	:	HDFC House, 1 st Floor, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai – 400 020.

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH
TRANSFERRED COMPANY APPLICATION NO. 31 of 2017

HDFC General Insurance Limited

... APPLICANT

Notice of the meeting of members

Notice is hereby given that by an order dated January 20, 2017, the Division Bench of National Company Law Tribunal, Mumbai has directed a meeting to be held of the "Equity Shareholders" of the said company for the purpose of considering, and if thought fit, approving with or without modification, the arrangement proposed to be made between the said company and the Equity Shareholders of the company aforesaid.

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of the Equity Shareholders of the said company will be held at HDFC House, 1st Floor, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400 020 on Wednesday, the 29th day of March 2017 at 12:30 PM

Copies of the said arrangement and of the statement under Section 230 can be obtained free of charge at the registered office of the company. Persons entitled to attend and vote at the meeting may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the company at 1st Floor, HDFC House, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai – 400 020 not later than 48 hours before the meeting.

Forms of proxy can be had at the registered office of the Company.

The Tribunal has appointed Mr. Ritesh Kumar and failing him, Mr. Mukesh Kumar as Chairperson of the said meeting. The above mentioned arrangement, if approved by the meeting, will be subject to the subsequent approval of the Tribunal.

Dated this 8th Day of February, 2017

Sd/-
Ritesh Kumar
Chairperson appointed for the meeting

HDFC GENERAL INSURANCE LIMITED a company)
incorporated under the provisions of the Companies Act,)
1956 and having its registered office at HDFC House, 1st)
Floor, 165-166, Backbay Reclamation, H. T. Parekh Marg,)
Churchgate, Mumbai – 400 020)
)

...APPLICANT

EXPLANATORY STATEMENT TO NOTICE OF THE MEETING OF EQUITY SHAREHOLDERS
OF HDFC GENERAL INSURANCE LIMITED

1. Pursuant to an order dated January 20, 2017 passed by the Division Bench of National Company Law Tribunal, Mumbai, a meeting of the Equity Shareholders of the Applicant is proposed to be convened at the registered office of the Applicant, i.e. 1st Floor, HDFC House, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai – 400 020 on Wednesday, March 29, 2017 at 12.30 p.m. for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between the HDFC ERGO General Insurance Company Limited and the Applicant and their respective shareholders and creditors ("**the Scheme**"). Persons entitled to attend and vote at the meeting may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the Company at 1st Floor, HDFC House, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400 020 not later than 48 hours before the meeting.
2. In this statement, HDFC ERGO General Insurance Company Limited (CIN No. U66010MH2002PLC134869) is hereinafter referred to as "**Transferor**" and HDFC General Insurance Limited (CIN No.U66030MH2007PLC177117) is hereinafter referred to as the "**Transferee**". The other definitions contained in the Scheme shall also apply to this Explanatory Statement.
3. A copy of the Scheme, setting out the terms and conditions of the Scheme, is attached to this Explanatory Statement.
4. The Resolution to be moved at the said meeting shall read as follows:

"RESOLVED THAT, pursuant to the provisions of Sections 230 to 232, Section 66 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the Articles of Association of the Company, and subject to such approvals/ permissions/ sanctions of regulatory and other authorities as may be necessary, and subject to the sanction of the National Company Law Tribunal, including such conditions and modifications as may be prescribed and/or imposed by the said Tribunal and/or regulatory or other authorities while granting such approvals/ permissions/ sanctions, the proposed Scheme of Arrangement between HDFC ERGO General Insurance Company Limited and HDFC General Insurance Limited and their respective shareholders and creditors, placed before this meeting and duly initialled by the Chairman of this meeting for the purposes of identification, be and is hereby approved."

*"RESOLVED FURTHER THAT Mr. Mukesh Kumar, Managing Director & CEO, Mr. Ritesh Kumar, Non-Executive Director, Mr. Samir H. Shah, Chief Financial Officer and Mr. Dayananda V. Shetty, Company Secretary and Compliance Officer of the Company (hereinafter referred to as the "**Authorised Persons**") be and are hereby severally authorised to do all such acts, deeds, matters and things, as may be considered necessary, to give effect to this Resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments,*

limitations and/or conditions, if any, which may be required and/or imposed by the National Company Law Tribunal while sanctioning the arrangements embodied in the Scheme or any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise to the Scheme, as the Board may deem fit and proper.”

MATERIAL FACTS OF THE TRANSFEREE

5. The Transferee was incorporated as a public company under the name “L&T General Insurance Company Limited” on December 27, 2007. Pursuant to Share Sale and Purchase Agreement dated June 3, 2016, by and among the Transferor, shareholder of the Transferee and the Transferee, the Transferee was acquired by the Transferor. Subsequently, by a special resolution dated September 9, 2016 the Transferee changed its name to “HDFC General Insurance Limited” and such alteration in name was approved by the Central Government on September 14, 2016.
6. The registered office of the Transferee at the time of incorporation was situated at L&T House, Ballard Estate, Mumbai 400001. With effect from September 16, 2016 the registered office of the Transferee has been changed to 1st Floor, HDFC House, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400 020.
7. The Transferee is a wholly owned subsidiary of the Transferor. The Transferee is also engaged in the business of providing general insurance in India.
8. The main objects of Transferee as set out in the Memorandum and Articles of Association, are as under:-

“1. Subject to the provisions of Insurance Regulatory & Development Authority Act, 1999 and the Insurance Act, 1938 as amended from time to time and the rules and regulations framed there under, to undertake, carry on and transact, whether in India or elsewhere throughout the world (subject to the laws of the place where the business is to be carried on) directly or through agents and / or brokers all or any kinds of general insurance or assurance business, whether of a kind now known or hereafter devised including Aviation, Health, Accident, Sickness, Disease, Injury, Transit, Motor Vehicles, Crops, Live-stock, Loss of Profit, Loss of Key-man, Engineering and Miscellaneous Insurances and Insurances covering risk against the perils of Loss or Damage to property or person for various reasons such as War, Riot, Civil Commotion, Storm, Floods, Earthquakes, Lightning, Explosion, Mechanical Defects, Fraud, Breach of Trust, Misconduct, Theft, Burglary, House-breaking, larceny and any other contingency or peril, insurance covering risk against any liability under any law, convention or agreement, and to undertake all other risks and liabilities usually undertaken by persons or companies carrying on the business of General Insurance.

2. To grant any contract of guarantee or indemnity against any kind of loss or damage to property or person occasioned and against any other kind of risk or liability whether direct or indirect arising from the happening of any event or the fulfilment or non-fulfilment of any contract, obligation or undertaking whatsoever upon such terms as to security or otherwise as the Company may decide.
3. To reinsure or counter insure all or any risks connected with any of the business as aforesaid.”
9. The relevant ancillary/ incidental objects of Transferee as set out in the Memorandum and Articles of Association of Transferee are as follows:-

“31. To purchase or otherwise and undertake the whole or any part of the business, property, rights and liabilities of any person, firm or company, carrying on or proposing to carry on any business which this Company is authorized to carry on, and to purchase, acquire, sell and deal in property, shares, stocks, debenture-stock of any such person, firm or company and to conduct, make or to carry into effect any arrangements in regard to the winding up the business of any such person, firm or company.

33. To acquire, purchase, take over and/or amalgamate business of companies which, under existing circumstances, from time to time may conveniently or advantageously be combined with the business of the Company, to amalgamate with companies whose business are so acquired, purchased or taken over and/or to enter into agreement with the object of acquisition of such undertakings and/or business.”

10. The authorised, issued, subscribed and paid up share capital of the Transferee as on date is as under:-

PARTICULARS	AMOUNT [IN RS.]
Authorised Share Capital:	
85,00,00,000 equity shares of Rs.10 each	850,00,00,000
TOTAL	850,00,00,000
Issued, Subscribed and Fully Paid-up Share Capital:	
76,70,00,000 equity shares of Rs.10 each	767,00,00,000
TOTAL	767,00,00,000

11. As on December 31, 2016, the Transferee has 15,133 unsecured creditors and the total amount payable to the aforementioned creditors is Rs. 28,07,40,655 (Rupees Twenty Eight Crore Seven Lacs Forty Thousand Six Hundred Fifty Five only).

12. Details of Promoters

Name of Promoter	Address	Category
HDFC ERGO General Insurance Company Limited	1 st Floor, HDFC House, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400 020	Indian Promoter

13. Details of Directors

Name of Director	Position	Address
Mr. Mehernosh B. Kapadia	Independent Director	F / 8, Godrej Baug, Off Napean Sea Road, Mumbai 400 026.
Mr. Bernhard Steinruecke	Independent Director	Indo German Chamber of Commerce Maker Tower E, 1st Floor, Cuffe Parade, Mumbai – 400 005
Mr. Ritesh Kumar	Non - Executive Director	HDFC House, 1st Floor, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400 020
Mr. Mukesh Kumar	Managing Director & CEO	HDFC House, 1st Floor, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400 020

MATERIAL FACTS OF THE TRANSFEROR

14. The Transferor was incorporated on February 8, 2002 as a public company in the name of “HDFC Chubb General Insurance Limited”. Thereafter, by a special resolution dated March 25, 2002, the Transferor changed its name to “HDFC Chubb General Insurance Company Limited” and such alteration in name was approved by the Central Government on April 10, 2002. Subsequently, by a special resolution dated June 27, 2007 the Transferor changed its name to “HDFC

General Insurance Company Limited” and such alteration in name was approved by the Central Government on August 24, 2007. Thereafter, by a special resolution dated February 29, 2008 the Transferor changed its name to “HDFC ERGO General Insurance Company Limited” and such alteration in name was approved by the Central Government on March 12, 2008. The Transferor is engaged in the business of providing general insurance in India.

15. The registered office of the Transferor at the time of incorporation was situated at Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Mumbai, Maharashtra – 400 020. With effect from October 19, 2013, the registered office of Transferor was changed to 1st Floor, 165- 166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400020.

16. The main objects of the Transferor as set out in the Memorandum and Articles of Association, are as under:-

“1. To carry on all or any of the business of providing general insurance including but not limited to health insurance/health cover, commercial general liability, commercial property, inland and ocean marine, financial institutions liability, directors and officers liability, other professional liability, fidelity and surety, kidnap and ransom, applied technologies, motor vehicle, excess umbrella liability, personal property and personal accident directly or through agents, brokers, underwriting managers.”

17. The relevant ancillary/ incidental objects of the Transferor as set out in the Memorandum and Articles of Association, are as under:

“7. To enter into contracts, agreement and arrangements with any individual, firm, associate, company or other institution for the carrying out by such individual, firm, association, company or other institution of any of the objects for which the Company is formed.”

18. The authorised, issued, subscribed and paid up share capital of the Transferor as on date is as under:

PARTICULARS	AMOUNT [RS.]
Authorised Share Capital:	
65,00,00,000 equity shares of Rs.10 each	650,00,00,000
TOTAL	650,00,00,000
Issued, Subscribed and Fully Paid-up Share Capital:	
60,04,65,850 equity shares of Rs.10 each	600,46,58,500
TOTAL	600,46,58,500

19. The Transferor has issued 3,500 unsecured, listed, redeemable, non-convertible debentures having face value of Rs.10,00,000/- each. The same are listed on BSE Limited.

20. As on December 31, 2016, the Transferor has 1,69,794 unsecured creditors (including unsecured debentures) and the total amount payable to the aforementioned creditors is Rs. 2055,19,03,300 (Rupees Two Thousand Fifty Five Crore Nineteen Lacs Three Thousand Three Hundred only).

21. Details of Promoters

Name of Promoter	Address	Category
Housing Development Finance Corporation Limited	Ramon House, 169, Backbay Reclamation, H. T. Parekh Marg, Mumbai 400020	Indian Promoter
ERGO International AG	Victoriaplatz 2, D-40198 Düsseldorf, Germany	Foreign Promoter

22. Details of Directors

Name of Director	Position	Address
Mr. Deepak S. Parekh	Non-Executive Director - Chairman	6th Floor, HDFC House, 165 - 166, Backbay Reclamation, H.T. Parekh Marg, Mumbai 400 020
Mr. Keki M. Mistry	Non-Executive Director	6th Floor, HDFC House, 165 - 166, Backbay Reclamation, H.T. Parekh Marg, Mumbai 400 020
Ms. Renu S. Kamad	Non-Executive Director	The Capital Court, Munirka, Olof Palme Marg, New Delhi 110 067
Mr. Andree Moschner	Non-Executive Director	ERGO Versicherungsgruppe AG Victoriaplatz 2, D-40198 Düsseldorf, Germany
Mr. Arno Frank Fehler	Non-Executive Director	ERGO Group AG Victoriaplatz 2 40198 Düsseldorf, Germany
Mr. Bernhard Steinruecke	Independent Director	Indo German Chamber of Commerce Maker Tower E, 1st Floor, Cuffe Parade, Mumbai – 400 005
Dr. Jagdish Khattar	Independent Director	Carnation Auto India Ltd. Plot No. A 110, Sector - 5, Noida – 201 301 (UP)
Mr. Mehemoth B. Kapadia	Independent Director	F / 8, Godrej Baug, Off Napean Sea Road, Mumbai 400 026.
Mr. Arvind Mahajan	Independent Director	602/702, Gulmohar Apartments, 28th Road, Bandra West, Mumbai 400050
Mr. Anuj Tyagi	Executive Director	HDFC House, 1st Floor, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400 020
Mr. Mukesh Kumar	Executive Director	HDFC House, 1st Floor, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400 020
Mr. Ritesh Kumar	Managing Director & CEO	HDFC House, 1st Floor, 165-166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400 020

RATIONALE AND BENEFITS OF THE SCHEME

23. The Transferor is licensed to carry on the business of providing general insurance in India, by the Insurance Regulatory and Development Authority of India (“IRDAI”). The Transferee is a wholly owned subsidiary of the Transferor. The Transferee is also licensed to carry on the business of providing general insurance in India by IRDAI.

24. The Scheme will result in the following synergies:-

- a. The Scheme will result in the consolidation of the business of the Transferor and the Transferee, leading to synergy in operations, greater financial strength, and improve the position of the merged entity by offering unified yet comprehensive services to the customer(s) of the Transferor and the Transferee.
- b. The Scheme will assist in achieving higher long term financial returns and will make available the assets, financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of both the Transferor and the Transferee leading to synergistic benefits, enhancement of future business potential, cost reduction and efficiencies, productivity gains and logistical advantages, thereby contributing to significant future growth and enhancement of shareholder value.
- c. The Scheme will result in rationalization and standardization of the business processes, economies of scale, corporate and administrative efficiencies, which will contribute to make the Transferee profitable, thereby further enhancing the overall shareholder value. For all of the aforesaid reasons, the Scheme will also be to the overall benefit of the policyholders of the Transferor and Transferee.
- d. The arrangement is expected to lead to creation of a stronger and larger entity which would be to the benefit of the shareholders of the Transferor and the Transferee. Moreover, since the arrangement is between a holding company and its wholly owned subsidiary company, the shareholders of the Transferor are to be allotted shares of the Transferee in the same proportion as they hold shares in the Transferor as of the Record Date. The Swap Ratio is set out in Scheme, which has been arrived at on the basis of a report of an independent expert. Hence, the Scheme will not prejudicially affect the interests of any shareholder, either of the Transferee or the Transferor. Moreover, as the Transferee is adopting all the assets and liabilities of the Transferor and will have sufficient assets to discharge these liabilities, the Scheme will not prejudicially affect the interests of the policyholders or creditors of either the Transferor or the Transferee.

SALIENT FEATURES OF THE SCHEME

25. The salient features of the Scheme are as follows:

- a. The Scheme envisages the merger of the Transferor with the Transferee in accordance with the provisions of Section 230 to 232 of the Companies Act, 2013.
- b. The Appointed Date for the Scheme is the opening of business on January 1, 2017.
- c. Subject to the sanction of the Scheme, with effect from the Effective Date but on and from the Appointed Date, i.e., January 1, 2017, the entire Undertaking of the Transferor including but not limited to all assets, properties, liabilities, contracts, employees, legal and other proceedings, shall be and stand transferred to and vested in and/ or be deemed to have been transferred to and vested in the Transferee on a going concern basis.
- d. In consideration for the same, the Transferee shall issue and allot to every equity shareholder of the Transferor, holding fully paid up equity shares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company as on the Record Date, 1 (One) fully paid up equity share of face value Rs.10/- each of the Transferee, for every 1 (One) fully paid up equity share of face value Rs.10/- each, held by such member in the share capital of Transferor.
- e. Upon the Scheme becoming effective, the Authorised Capital of the Transferee shall be the aggregate of the authorized capital of the Transferor and the Transferee i.e. Rs. 1500,00,00,000 (Rupees One Thousand Five Hundred Crore) divided into 150,00,00,000 (One Hundred Fifty Crore) equity shares of face value Rs. 10/- each.
- f. In order to portray a clearer picture of the financial position and net worth of the Transferee, it is also proposed that part

of the accumulated losses of the Transferee be set-off against the paid-up equity share capital of the Transferee.

- g. As on the Effective Date, the Transferor shall, without any further act, deed, matter or thing, stand dissolved without winding-up and the name of the Transferee will thereafter stand changed to "HDFC ERGO General Insurance Company Limited".

The aforesaid are only the salient features of the Scheme. The members are requested to read the entire text of the Scheme annexed hereto and get fully acquainted with the provisions thereof.

APPROVALS

26. The Board of Directors of the Transferee has at its Board Meeting held on September 16, 2016 approved the Scheme. Similarly, the Board of Directors of the Transferor have at their Board Meeting held on September 16, 2016 approved the Scheme. The resolution for the approval of the scheme was passed by the Board of Directors of Transferor and Transferee Companies with the unanimous vote of the directors present at the meeting
27. On August 1, 2016, the Competition Commission of India has passed an Order under Section 31 (1) of the Competition Act, 2002, with respect to the notice filed by the Transferor and Transferee under Section 6(2) of the said Act, approving the combination of Transferor and Transferee.
28. Vide Letter dated August 30, 2016, the Insurance Regulatory and Development Authority of India has granted its in-principle approval to the Scheme.

EFFECT OF THE SCHEME

29. None of the Directors of the Transferee hold shares in the Transferee and hence the Scheme does not affect the material interests of the Directors of the Transferee in any manner.
30. In terms of and subject to sanction of the Scheme by NCLT, with effect from the Effective Date but on and from the Appointed Date, i.e., January 1, 2017, the entire Undertaking of the Transferor including but not limited to all assets, properties, liabilities, contracts, employees, legal and other proceedings, shall be and stand transferred to and vested in and/ or be deemed to have been transferred to and vested in Transferee on a going concern basis.
31. The Directors and Key Managerial Personnel ("KMPs") of the Transferor shall continue to be Directors and KMPs of the Transferee upon the Scheme becoming effective. Save as aforesaid, the Scheme does not affect the material interests of the Directors, Key Managerial Personnel or Debenture Trustee of the Transferor or Transferee.
32. The promoters of the Transferor shall continue to be the promoters of the Transferee upon the Scheme becoming effective. The promoter shareholders and non-promoter shareholders will be issued shares of the Transferee as per clause 10 of the Scheme.
33. The rights and interest of the creditors and debenture-holders of the Transferor or Transferee will not be adversely affected by the Scheme since there would be no reduction in their claims/interest, and dues, if any, will be paid off in the ordinary course of business.
34. There shall be no change in the terms of employment of the employees of the Transferor, to their prejudice, and all employees of the Transferor shall be deemed to be employees of Transferee, without any break in service. All the option holders of the Transferor shall be issued stock options under Employee Stock Option Plan ("ESOPs") of the Transferee by adopting the same terms and conditions as were applicable to the ESOPs granted by the Transferor under its Employee Stock Option Scheme.

35. There are no depositors or deposit trustee in the Transferor or Transferee and hence, there is no question of the Scheme affecting their interests.

GENERAL

36. The rights and interests of the members and the creditors of the Transferor and the Transferee will not be prejudicially affected by the Scheme.

37. There are no investigation proceedings instituted and/or pending against the Transferee under Sections 230 to 232 of the Companies Act, 2013. There are no winding up proceedings instituted or pending against the Transferee.

38. The following documents will be open for inspection or for obtaining extracts of or making copies of, by the members and creditors of the Company between 11.00 a.m. and 3.00 p.m., on any working day (except Saturdays, Sundays and Public Holidays), at the Registered Office of the Company.

- a. Copy of the Order dated January 20, 2017 passed by the Hon'ble National Company Law Tribunal, Mumbai Bench;
- b. Copy of the Scheme;
- c. Certificate issued by the Auditor confirming that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
- d. Annual Reports of the Company for FY2015-16 including audited financial statements;
- e. Copy of unaudited financial statements of the Company for the period ended December 31, 2016;
- f. Copy of Share Purchase and Sale Agreement dated June 3, 2016;
- g. IRDAI approval letter dated August 30, 2016;
- h. Copy of Memorandum and Articles of Association of the Company; and
- i. CCI approval letter dated September 5, 2016.

Dated this 8th day of February, 2017

Sd/-

Ritesh Kumar

Chairperson appointed for the meeting

REGISTERED OFFICE:

HDFC House, 1st Floor,
165-166, Backbay Reclamation,
H. T. Parekh Marg, Churchgate,
Mumbai - 400 020.

✉ care@hdfcgi.com

🌐 www.hdfcgi.com

SCHEME OF ARRANGEMENT

**UNDER SECTION 391 TO SECTION 394 OF THE COMPANIES ACT, 1956 AND SECTIONS 100 TO 103 OF THE COMPANIES ACT, 1956
BETWEEN**

HDFC ERGO GENERAL INSURANCE COMPANY LIMITED ... TRANSFEROR COMPANY

AND

HDFC GENERAL INSURANCE LIMITED ... TRANSFEE COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

1. PURPOSE OF THE SCHEME OF ARRANGEMENT ("SCHEME")

This Scheme of Arrangement is presented under Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013, Section 78 and Sections 100 to 103 of the Companies Act, 1956, (as amended by the corresponding provisions of the Companies Act, 2013 including any statutory modifications or reenactments thereof) for the merger of HDFC ERGO General Insurance Company Ltd. (PAN: AABCH0738E) ("Transferor Company" or "HDFC ERGO") into HDFC General Insurance Ltd. (PAN: AABCL5045N) ("Transferee Company" or "HDFC GIC Limited").

2. RATIONALE OF THE SCHEME

- 2.1. The Transferor Company is licensed to carry on the business of providing general insurance in India, by the Insurance Regulatory and Development Authority of India ("IRDAI").
- 2.2. The Transferee Company is a wholly owned subsidiary of the Transferor Company. The Transferee Company is also licensed to carry on the business of providing general insurance in India by IRDAI.
- 2.3. The proposed Scheme will result in the following synergies:
 - (a) The Scheme will result in the consolidation of the business of the Transferor Company and the Transferee Company, leading to synergy in operations, greater financial strength, and improve the position of the merged entity by offering unified yet comprehensive services to the customer(s) of the Transferor Company and the Transferee Company.
 - (b) The Scheme will assist in achieving higher long term financial returns and will make available the assets, financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of both the Transferor Company and the Transferee Company leading to synergistic benefits, enhancement of future business potential, cost reduction and efficiencies, productivity gains and logistical advantages, thereby contributing to significant future growth and enhancement of shareholder value.
 - (c) The Scheme will result in rationalization and standardization of the business processes, economies of scale,

corporate and administrative efficiencies, which will contribute to make the Transferee Company profitable, thereby further enhancing the overall shareholder value. For all of the aforesaid reasons, the Scheme will also be to the overall benefit of the policyholders of the Transferor Company and Transferee Company.

- 2.4. In view of the above, it is proposed that pursuant to Sections 391 to 394 and other relevant provisions of the Act, the Transferor Company be amalgamated/ merged into the Transferee Company, upon which the Transferor Company will stand dissolved without winding up. As a consequence of the arrangement, the equity share capital of the Transferee Company shall stand reorganized in the manner provided for at Part II and Part III of this Scheme.
- 2.5. The merger of the Transferor Company into the Transferee Company pursuant to this Scheme shall take place on and from the Appointed Date (as defined hereinbelow) but shall be effective/ operative on and from the Effective Date (as defined hereinbelow).
- 2.6. The merger of the Transferor Company into the Transferee Company in accordance with the terms of the Scheme shall be in compliance with the applicable provisions of the Income Tax Act, 1961, including Section 2(1B), as a result of which, by virtue of the merger all the assets, properties and liabilities of the Transferor Company existing immediately before the merger, shall become the assets, properties and liabilities of the Transferee Company.
- 2.7. The arrangement is expected to lead to creation of a stronger and larger entity which would be to the benefit of the shareholders of the Transferor Company and the Transferee Company. Moreover, since the arrangement is between a holding company and its wholly owned subsidiary company, the shareholders of the Transferor Company are to be allotted shares of the Transferee Company in the same proportion as they hold shares in the Transferor Company as of the Record Date. The Swap Ratio is set out at Clause 10.1 of the Scheme, which has been arrived at on the basis of a report of an independent expert. Hence, the Scheme will not prejudicially affect the interests of any shareholder, either of the Transferee Company or the Transferor Company. Moreover, as the Transferee Company is adopting all the assets and liabilities of the Transferor Company and will have sufficient assets to discharge these liabilities, the Scheme will not prejudicially affect the interests of the policyholders or creditors of either the Transferor Company or the Transferee Company.
- 2.8. The arrangement is not a result of any acquisition of property of the Transferor Company by the Transferee Company through purchase or a result of the distribution of such property to the Transferee Company pursuant to the winding up of the Transferor Company.
- 2.9. This Scheme has been drawn up to comply with applicable provisions of law, including the provisions of Section 2(1B) of the Income Tax Act, 1961. In the event any term of this Scheme is found or interpreted for any reason to be inconsistent with the provisions of the law at a subsequent date, including as a result of an amendment of the law, the Scheme shall stand modified to the extent necessary to comply with such amendments. The modification will however not affect other parts of the Scheme.

3. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

- (a) **PART I**, which is a general section, is further divided into two parts, providing (A) definitions applicable to this Scheme; (B) details of the share capital and shareholding structure of the Transferor Company and the Transferee Company;
- (b) **PART II**, which deals with reduction of the Share Capital of the Transferee Company;

- (c) **PART III**, which deals with the provisions and terms based on which the merger of the Transferor Company into the Transferee Company shall take place; and
- (d) **PART IV**, which deals with general terms and conditions applicable to the Scheme.

PART I

4. DEFINITIONS

- 4.1. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

“**Act**” means the Companies Act, 1956, the rules and regulations made thereunder and the corresponding provisions of the Companies Act, 2013 and the rules and regulations made thereunder upon their notification, (including any statutory modifications or re-enactments thereof), for the time being in force;

“**Appointed Date**” means the opening of business on January 1, 2017, or such other date as may be determined by the Board of Directors of the Transferor Company and the Transferee Company, or such other date as may be decided by the High Court;

“**Board of Directors**” or “**Board**” shall mean in relation to the Transferor Company and the Transferee Company, as applicable, the board of directors of such company and shall include any committee which has been duly authorised and constituted for the purposes of the Scheme and/or any matters pertaining to the same;

“**Effective Date**” means the last of the dates on which the certified copy of the order passed by the High Court of Judicature at Bombay sanctioning the Scheme, is filed by each of the Transferor Company and the Transferee Company with the Registrar of Companies and the final approval of the IRDAI to the sanctioned Scheme is granted. References herein to 'coming into effect of the Scheme' and 'effectiveness of the scheme' shall be construed as reference to the Effective Date;

“**Governmental Authority**” means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body and specifically includes the IRDAI;

“**High Court**” shall mean the High Court of Judicature at Bombay, having jurisdiction in relation to the Transferor Company and the Transferee Company and shall include the National Company Law Tribunal, as applicable, or such other forum or authority as may be vested with any of the powers of a High Court under the Act;

“**IRDAI**” shall mean the Insurance Regulatory and Development Authority of India;

“**Liabilities**” shall include all secured and unsecured debts (in either Indian or foreign currency) including debentures as may be issued from time to time, liabilities, duties, obligations, undertakings of any kind or description whatsoever and raised or incurred for business activities along with any charge, lien, encumbrance or security thereon and shall also include amounts due to the company's agents, amount due to other insurance companies, premium received in advance, unallocated premium, claims outstanding towards policyholders, amount unclaimed by policyholders either on account of claim or premium received in excess and Reserve for Unexpired Risk;

“**New Shares on Merger**” shall mean the shares issued by the Transferee Company to the shareholders of the

Transferor Company upon merger of the Transferor Company with the Transferee Company in accordance with the provisions of this Scheme;

“**Record Date**” shall mean such date to be fixed by the Board of Directors of the Transferee Company for the purpose of issue of Equity Shares of the Transferee Company to the shareholders of the Transferor Company in terms of this Scheme;

“**Registrar of Companies**” shall mean the Registrar of Companies, Mumbai, Maharashtra;

“**Scheme**” means this scheme of arrangement, as amended or modified in accordance with the provision for the same herein;

“**Swap Ratio**” shall have the meaning given to it in Clause 10.1 below;

“**Transferee Company**” means HDFC General Insurance Limited (CIN: U66030MH2007PLC177117), a company incorporated under the Companies Act, 1956 and having its registered office at HDFC House, 1st Floor, 165-166 Backbay Reclamation, H T Parekh Marg, Churchgate, Mumbai 400 020;

“**Transferor Company**” means HDFC ERGO General Insurance Company Limited (CIN: U66010MH2002PLC134869), a company incorporated under the Companies Act, 1956 and having its registered office at HDFC House, 1st Floor, 165-166 Backbay Reclamation, H T Parekh Marg, Churchgate, Mumbai 400 020;

“**Transferee Company Option Scheme**” shall have the meaning given to it in Clause 11.1 below;

“**Transferor Company Option Scheme**” shall have the meaning given to it in Clause 11.1 below;

“**Undertaking**” means and includes the following:

- (a) All assets of the Transferor Company as on the Appointed Date;
- (b) All debts, Liabilities, duties and obligations of the Transferor Company as on the Appointed Date;
- (c) Without prejudice to the generality of sub-clauses (a) and (b) hereinabove, Undertaking shall mean and include the whole of the undertaking of the Transferor Company, as a going concern, including its business, all secured and unsecured debts, liabilities, duties, obligations, all the assets and properties, whether movable or immovable, real or personal, fixed assets, in possession or reversion, corporeal or incorporeal, tangible or intangible, current assets, present or contingent assets including stock, shares, investments, claims, powers, authorities, allotments, approvals, registrations, contracts, arrangements, engagements, rights, titles, interests, benefits, advantages, sundry debtors, bills of exchange, loans and advances, leasehold rights, tenancy rights, permits, authorisations, quota rights, including reserves, funds, provisions, equipment and installations and utilities, electricity water and other service connections, records, files, employees and benefits of agreements, contracts and arrangements, balances with all regulatory authorities, liberties, advantages, easements and all rights, titles, interest, goodwill, deposits, reserves, benefits, advantages, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, tax credits (including but not limited to credits in respect of Income Tax, Minimum Alternate Tax, VAT, Sales Tax, Service Tax etc.) and all other rights, claims and powers, of whatsoever nature and wheresoever situated, belonging to or in the possession of, or granted in favour of, or enjoyed by the Transferor Company, as on the Appointed Date, and all the earnest money and/or deposits including

security deposits paid by the Transferor Company as on the Appointed Date and all other rights, obligations, benefits available under any rules, regulations, statutes, including Direct and Indirect Tax laws, derived by the Transferor Company and all necessary records, files, papers, computer programs, websites, domain names and other records whether in physical or electronic form in connection with or relating to the Transferor Company.

4.2. Headings shall not affect the interpretation or construction of this Scheme;

4.3. Words using the singular terms shall also include the plural terms and vice versa;

4.4. Reference to the word “include” and “including” shall be construed without limitation;

4.5. References to a person includes any individual, firm, body corporate, Governmental Authority, joint venture, association or partnership.

5. **SHARE CAPITAL AND SHAREHOLDING PATTERN**

5.1. **Transferor Company**

The authorized, issued, subscribed and paid up capital of the Transferor Company, as on September 14, 2016 is as under:**

PARTICULARS	AMOUNT [RS.]
Authorised Share Capital:	
65,00,00,000 equity shares of Rs.10 each	650,00,00,000
TOTAL	650,00,00,000
Issued, Subscribed and Fully Paid-up Share Capital:	
60,04,65,850 equity shares of Rs.10 each	600,46,58,500
TOTAL	600,46,58,500

** Some of the Employee Stock Options granted to the employees of the Transferor Company may be exercised before the Effective Date. The details of the outstanding Employee Stock Options of the Transferor Company as on September 14, 2016 are set out below:

PARTICULARS	No. of Stock Options***
Stock Options granted but not vested (Net of lapses)	18,26,000
Stock Options granted and vested, but not exercised (Net of lapses)	42,42,900
TOTAL	60,68,900

*** Each Stock Option upon exercise is entitled to one equity share of Rs. 10 each.

5.2. **Transferee Company**

The authorised, issued, subscribed and paid up capital of the Transferee Company as on September 14, 2016 is as follows:

PARTICULARS	AMOUNT [RS.]
Authorised Share Capital:	
85,00,00,000 equity shares of Rs.10 each	850,00,00,000
TOTAL	850,00,00,000
Issued, Subscribed and Fully Paid-up Share Capital:	
75,20,00,000 equity shares of Rs.10 each	752,00,00,000
TOTAL	752,00,00,000

- 5.3. It is hereby clarified that between the date of filing of the Scheme with the Hon'ble High Court and the Effective Date, both the Transferor Company and the Transferee Company may issue further shares and make consequent changes to their respective issued, paid up and subscribed capital.

PART II

6. REDUCTION OF EQUITY SHARE CAPITAL OF THE TRANSFEREE COMPANY

- 6.1. The Transferee Company has significant accumulated losses which have adversely affected its net worth. Hence, in order to restructure the Balance Sheet and portray a clearer picture of the financial position and net worth, it is proposed that part of the accumulated losses of the Transferee Company be set-off against the paid-up equity share capital of the Transferee Company in the manner as provided in Clause 6.2 below.
- 6.2. Accordingly, upon coming into effect of this Scheme, the accumulated losses amounting to Rs. 207,00,00,000/- shall be adjusted against the issued, subscribed and paid-up equity share capital of Transferee Company by cancellation of 20,70,00,000 equity shares of Rs.10/- each.
- 6.3. Consequent to adjustment as mentioned in Clause above, the authorized, issued, subscribed and paid-up share capital of the Transferee Company will be as under:

PARTICULARS	AMOUNT [RS.]
Authorised Share Capital:	
85,00,00,000 equity shares of Rs.10 each	850,00,00,000
TOTAL	850,00,00,000
Issued, Subscribed and Fully Paid-up Share Capital:	
54,50,00,000 equity shares of Rs.10 each	545,00,00,000
TOTAL	545,00,00,000

- 6.4. As such reduction in share capital does not involve either diminution of any liability in respect of unpaid capital or payment to any shareholder of any paid-up capital, the proposed reduction would not in any way adversely affect the creditors of the Transferee Company. Accordingly, the reduction in the issued, subscribed and paid-up equity share capital of the Transferee Company as above, shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 100 to 103 and any other applicable provisions of the Act. The order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction without imposing a condition on the Transferee Company to add to its name the words, "and reduced".
- 6.5. The Transferee Company shall obtain the necessary approval from its shareholders and creditors, as required, in terms of this Scheme only, under and pursuant to provisions of Sections 391-394 of the Act. The Transferee Company shall not, nor shall be obliged to call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of paid up equity share capital.
- 6.6. It is hereby further clarified that the reduction of the paid up equity share capital shall not affect the authorised share capital of the Transferee Company and the same remain available to the Transferee Company for issue and allotment of fresh shares.

PART III

7. MERGER OF THE TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

- 7.1. On and from the Appointed Date and pursuant to the sanction of the Scheme by the High Court and in accordance with

the provisions of Sections 391 to 394 of the Act and/or any other applicable provisions of the Act or any other law for the time being in force, the entire Undertaking of the Transferor Company shall be and stand transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company as a going concern without any further act, deed, instrument, matter or thing, so as to become, as and from the Appointed Date, the estate, assets, rights, title, interest of the Transferee Company, by virtue of and in accordance with the provisions of this Scheme.

7.2. Transfer of Assets

- (a) On and from the Appointed Date, all estate, assets, properties, rights, claims, titles, interest and authorities, including accretions and appurtenances comprised in the Transferor Company of whatsoever nature and wherever situate shall, without any further act, deed or instrument, be and stand transferred to and vested in the Transferee Company as a going concern so as to become, the estate, assets, properties, rights, claims, title, interest and authorities of the Transferee Company.
- (b) On and from the Appointed Date, the movable properties and assets of the Transferor Company (excluding the shares of Transferee Company held by the Transferor Company which are being cancelled under this Scheme), shall be and stand transferred by the Transferor Company to the Transferee Company and shall become the assets and property of the Transferee Company, from the Appointed Date, without requiring any further deed, conveyance or instrument of transfer.
- (c) In addition to what is stated at Clause 7.2 above, the assets and properties of the Transferor Company, in particular receivables, bills, loans and advances recoverable in cash or kind, bank balances, investments, deposits of any nature, prepayments, shall stand transferred to and vested in the Transferee Company on and from the Appointed Date without any further act, instrument or deed, cost or change and without any need to notify or intimate any third party.
- (d) All taxes (including but not limited to income tax, sales tax, excise duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business of the Transferor Company before the Appointed Date and also any tax payment whether by way of deduction at source, advance tax or Minimum Alternate Tax ("MAT") or otherwise howsoever by the Transferor Company for the future operations and/or profits of the business that was to take place after the Appointed Date, shall be deemed to be the corresponding item paid by the Transferee Company, and shall, in all proceedings, be dealt with accordingly.
- (e) It is specifically declared that the taxes/ duties paid by the Transferor Company or withheld on its behalf in relation to Transferor Company shall be deemed to be taxes/ duties paid by the Transferee Company and the Transferee Company shall be entitled to claim credit or refund of such taxes deducted/ paid against its tax/ duty liability notwithstanding that the certificates/ challans or other documents for payment of such taxes/ duties are in the name of Transferor Company. Upon coming into effect of the Scheme, and with effect from the Appointed Date, the Transferee Company is also expressly permitted to revise its income tax returns and other returns filed under the applicable tax laws and to claim refunds, advance tax including MAT and withholding tax credits, etc., pursuant to the provisions of this Scheme.
- (f) All assets, rights, interests, properties, whether immovable or movable, acquired by the Transferor Company on or after the Appointed Date but before the Effective Date, shall be deemed to be and shall become the assets, rights, interests, properties of the Transferee Company and shall stand transferred to and vested in the Transferee Company on and from the Appointed Date, without any further act, instrument or deed.

- (g) All licenses, permits, entitlements, approvals, permissions, registration, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, tenancy rights, liberties, special status and other benefits and privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to the Transferor Company, whether on or before or after the Appointed Date, including benefits, deductions and exemptions of taxation that have or may accrue to the Transferor Company on, before or after the Appointed Date, tax holidays, subsidies, unexpired deductions and allowances, special incentives, special status and other privileges and benefits granted by any Government Authority or any person, shall stand transferred to and vested in the Transferee Company and shall be enforceable by the Transferee Company on the same terms and conditions.

7.3. Transfer of Contracts

- (a) Subject to the provisions of this Scheme, all contracts, deeds, agreements, leases and other instruments of whatsoever nature to which the Transferor Company is a party, or under which the Transferor Company is to obtain a benefit, and which are subsisting/effective immediately prior to the Effective Date, shall continue to operate against or in favour of the Transferee Company and be enforced against or by the Transferee Company as if the Transferee Company is a party to the same.
- (b) The Transferee Company shall on and from the Effective Date be authorized to act on behalf of the Transferor Company for the purposes of compliance by the Transferor Company of its various obligations under all contracts, deeds, agreements and other instruments to which it is a party and/or under which it is deriving a benefit.
- (c) Without prejudice to the above and notwithstanding the fact that the vesting of the Undertaking of the Transferor Company occurs by virtue of the Scheme itself, the Transferee Company may, at any time after the Scheme comes into effect and in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings with any party to any contract or arrangement to which the Transferor Company was a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above, as may be required to be carried out/ performed, on the part of the Transferor Company.

7.4. Transfer of Liabilities

- (a) On and from the Appointed Date, all Liabilities of the Transferor Company shall without any further act, instrument, deed, be transferred to and vested in the Transferee Company to the extent that they are outstanding and shall become the Liabilities of the Transferee Company on the same terms and conditions. The Transferee Company shall meet and discharge the said Liabilities without any need to notify or intimate any third party.
- (b) All Liabilities of the Transferor Company that have arisen or accrued on or after the Appointed Date but before the Effective Date, shall become the Liabilities of the Transferee Company pursuant to this Scheme and the Transferee Company shall meet, discharge and satisfy the same.
- (c) Any discharge by the Transferor Company of its Liabilities on or after the Appointed Date shall be deemed to be for and on behalf of the Transferee Company.
- (d) All existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only

to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.

- (e) Any Liabilities due and/or outstanding or which may become due/ outstanding between the Transferor Company and the Transferee Company shall stand discharged and no liability/obligation will be imposed on any party with respect to the same.

7.5. Staff, Workmen and Employees

- (a) On the Scheme becoming effective, all staff, workmen and employees of the Transferor Company in service as on the Effective Date, shall be deemed to have become staff, workmen and employees of the Transferee Company without any break in their service. On the basis of continuity of employment there shall be no substantial change in the terms of employment of the employees of the Transferor Company, to their prejudice, at the time of such transfer of employment.
- (b) On the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of the Transferor Company including but not limited to contributions made to any statutory provident fund such as Employees' Provident Fund, shall become the trusts/ funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds.
- (c) In relation to those employees for whom the Transferor Company is making contributions to any statutory provident fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including the obligation to make contributions to the said fund in accordance with the provisions of such funds, laws, bye-laws in respect of such employees.

7.6. Legal, Taxation and other Proceedings

- (a) Any pending suits/appeals, all legal, taxation or other proceedings including before any statutory or quasi-judicial authority or tribunal or other proceedings of whatsoever nature whether by or against the Transferor Company and whether pending on the Appointed Date or which may be instituted any time in the future shall not abate, be discontinued or in any way prejudicially affected by reason of this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company after the Effective Date. The Transferee Company shall, after the Effective Date, be replaced as party to such proceedings and shall prosecute or defend such proceedings in cooperation with the Transferor Company in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against the Transferor Company, as if this Scheme had not been implemented.
- (b) On and from the Effective Date, such of the Directors of the Transferor Company who are also Directors of the Transferee Company will continue to act as Directors of the Transferee Company. Further, such of the other Directors of the Transferor Company, who were not Directors of the Transferee Company prior to the coming into effect of the Scheme, shall on and from the Effective date, become the Directors of the Transferee Company, without any further act or deed on part of the Transferee Company.

- (c) The Transferee Company shall file the requisite forms with the Registrar of Companies, or any other applicable authority for appointment of the other Directors.

8. AGGREGATION OF AUTHORISED CAPITAL

- (a) Consequent to and as part of the arrangement of the Transferor Company into the Transferee Company, the Authorised Capital of the Transferor Company shall stand merged into and combined with the Authorised Capital of the Transferee Company, without any further act, deed, including without payment of any stamp duty, registration or filing fee on such combined Authorised Capital under Section 403 of the Companies Act, 2013.
- (b) Upon the Scheme becoming effective, the Authorised Capital of the Transferee Company shall be the aggregate of the authorized capital of the Transferor Company and the Transferee Company i.e. Rs. 1500,00,00,000 (Rupees One Thousand Five Hundred Crore) divided into 150,00,00,000 (One Hundred Fifty Crore) equity shares of face value Rs. 10/- each.
- (c) Clause V(A) of the Memorandum of Association of the Transferee Company shall without any further act, instrument or deed, stand altered accordingly. The consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and no further resolution(s) under Section 394 of the Companies Act, 1956 or Sections 13, 14, 61 of the Companies Act, 2013 (corresponding to Sections 16, 31 and 94 of the Companies Act, 1956) or any other applicable provisions of the Act or any Rules thereunder, would be required to be separately passed.
- (d) Accordingly, upon the Scheme becoming effective, Clause V(A) of the Capital Clause of the Memorandum of Association of the Transferee Company shall stand substituted to read as follows:

"The Authorised Capital of the Company is Rs.1500,00,00,000/- divided into 150,00,00,000 equity shares of Rs. 10/- each."

- (e) The Transferee Company shall file the requisite forms with the Registrar of Companies, or any other applicable authority for such increase of the authorized share capital.

9. DISSOLUTION OF THE TRANSFEROR COMPANY WITHOUT WINDING UP

On the coming into effect of this Scheme the Transferor Company shall, without any further act, deed or instrument, stand dissolved without winding-up, pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 (or any corresponding provision of the Companies Act, 2013 as may be notified).

10. CONSIDERATION

- 10.1. In consideration for the merger of the Transferor Company into the Transferee Company, the Transferee Company shall Issue and allot to every equity shareholder of the Transferor Company, holding fully paid up equity shares in the Transferor Company and whose names appear in the Register of Members of the Transferor Company as on the Record Date, 1 (One) fully paid up equity share of face value Rs.10/- each of the Transferee Company, for every 1 (One) fully paid up equity share of face value Rs.10/- each, held by such member in the share capital of Transferor Company ("**Swap Ratio**").
- 10.2. Any fractional entitlements to which the shareholders of the Transferor Company may be entitled shall be rounded up to the nearest whole equity share which shall thereafter be issued to the relevant entitled shareholder of the Transferor Company.

- 10.3. The issue and allotment of equity shares by the Transferee Company to the equity shareholders of the Transferor Company pursuant to the Scheme, is an integral part of the Scheme and shall be deemed to have been carried out as if the procedure laid down under Section 62 of the Act and any other applicable provisions of the Act and Rules made thereunder and all other relevant regulations and laws for the time being in force, were duly complied with.

- 10.4. Upon the Scheme becoming effective, the issued, subscribed and paid-up capital of the Transferee Company shall, without any further application, act, instrument or deed, stand suitably increased consequent upon the issuance of equity shares of the Transferee Company to the shareholders of the Transferor Company pursuant to Clause 10.1 above.

- 10.5. Upon coming into effect of this Scheme and subject to the above provisions, the shares of the Transferor Company held by its equity shareholders, shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and extinguished in full, without any requirement to surrender the share certificates, if any. The Transferee Company shall take such actions in relation to the equity shares of the Transferor Company as may be necessary.

11. EMPLOYEE STOCK OPTIONS

- 11.1. Upon the coming into effect of the Scheme, the Transferee Company shall formulate an employee stock option scheme by adopting the same terms and conditions as were applicable to the employee stock options ("**ESOPs**") granted by the Transferor Company under its Employee Stock Option Scheme 2009 (the "**Transferor Company Option Scheme**"). The Transferee Company's Employee Stock Option Scheme is hereinafter referred to as "**Transferee Company Option Scheme**".

- 11.2. Such of the employees of the Transferor Company who hold ESOPs under the Transferor Company Option Scheme (i) which have been granted but have not vested; and (ii) which have vested but have not been exercised, on or before the Effective Date, shall upon the coming into effect of the Scheme, be issued 1 (One) ESOP under the Transferee Company Option Scheme for every 1 (One) ESOP of the Transferor Company Option Scheme.

- 11.3. The exercise price of the ESOPs to be issued under the Transferee Company Option Scheme to the ESOP holders of Transferor Company Option Scheme shall remain unchanged.

- 11.4. The provisions of the Companies Act, 2013 and the Companies (Share Capital and Debenture) Rules, 2014, as amended to-date, shall apply, to the extent applicable, to the Transferee Company Option Scheme.

- 11.5. The Transferee Company shall, subject to applicable laws, take into account the period during which the ESOPs under the Transferor Company Option Scheme were held by the Transferor Company's employees for determination of the minimum vesting period required for ESOPs granted under the Transferee Company Option Scheme.

- 11.6. The Transferee Company shall, subject to applicable laws, take into account the period elapsed, after vesting of ESOPs under the Transferor Company Option Scheme, for determination of the maximum exercise period provided for exercise of ESOPs issued under the Transferee Company Option Scheme.

- 11.7. The approval granted to the Scheme by the shareholders, the High Court and/or any other regulatory authority shall be deemed to be approval granted to any modifications made to the Transferor Company Option Scheme by the Transferor Company and approval granted to the Transferee Company Option Scheme to be adopted by the Transferee Company, respectively.

12. CHANGE OF NAME OF THE TRANSFEREE COMPANY

Upon the Scheme becoming effective, the name of the Transferee Company shall, without any further act, instrument or deed, stand altered to "HDFC ERGO General Insurance Company Ltd." Such alteration in the name of the Transferee Company shall take place as an integral part of the Scheme and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this alteration in the name of the Transferee Company. No further resolution(s) under Section 394 of the Companies Act, 1956 or Sections 4, 13, 114 of the Companies Act, 2013 or any other applicable provisions of the Act or any Rules thereunder, would be required to be separately passed.

PART IV

13. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

13.1. With effect from the Appointed Date and upto and including the Effective Date:

- (a) The Transferor Company shall carry on and be deemed to have carried on all its business and activities for and on behalf of and in trust for the Transferee Company.
- (b) All profits, losses, income and expenditure arising or incurred by the Transferor Company (including taxes) for the period commencing from the Appointed Date shall be treated to be the profits, losses, income and expenditure as applicable, of the Transferee Company.
- (c) The Transferor Company shall be deemed to have exercised all rights, powers, authorities and undertaken and/or discharged any obligations, duties or liabilities for and on behalf of, and as an agent of the Transferee Company.
- (d) The coming into effect of this Scheme shall not affect any prior transactions or proceedings already concluded by the Transferor Company on, before or after the Appointed Date and until the Effective Date, in as much as the Transferee Company hereby accepts and adopts all acts, deeds and things done and executed by the Transferor Company as if the same are done and executed by the Transferee Company.
- (e) Pending the sanction of the Scheme, the Transferee Company may apply as required to any authority, including any Governmental Authority, for such consents, permissions, approvals which may be necessary to carry on the business of the Transferor Company.

14. ACCOUNTING TREATMENT

14.1. Upon the Scheme becoming effective, the Transferee Company shall account for the arrangement in its books of accounts as under:

- (a) The merger of the Transferor Company with Transferee Company shall be accounted for in the books of account of the Transferee Company in accordance with 'Pooling of Interest Method' of accounting as per Accounting Standard 14 (Accounting for Amalgamation)
- (b) All assets, liabilities and reserves (including securities premium) of the Transferor Company transferred to and vested in the Transferee Company pursuant to this Scheme shall be recorded at their respective book values and in the same form as they appear in financial statements of the Transferor Company
- (c) The Transferee Company shall credit to its share capital account, the aggregate face value of the New Shares on Merger issued by it pursuant to Clause 10.1 of this Scheme;

- (d) Upon the Scheme coming into effect, the surplus/ deficit, if any, of the net value of assets, liabilities and reserves of the Transferor Company acquired and recorded by the Transferee Company in terms of Clause 14.1(b) above over the face value of the New Shares on Merger issued and allotted pursuant to Clause 10.1 above shall be adjusted in reserves.
- (e) The investments in equity shares of Transferee Company, (including any additional investment before the Effective Date) shall be cancelled against the balance remaining in equity share capital of the Transferee Company as per Clause above of the Scheme (including any increase in equity share capital pursuant to issue of additional shares before the Effective Date). The surplus (if any) of the book value of investments (including any additional investment before the Effective Date) over the balance remaining in equity share capital of the Transferee Company as per Clause 6.3 of the Scheme (including any increase in equity share capital pursuant to issue of additional shares before the Effective Date) shall be first adjusted against the profit and loss account of the combined entity and balance (if any) shall be adjusted against the securities premium account of the combined entity. Conversely, the deficit (if any) between the book value of investments (including any additional investment before the Effective Date) and the balance remaining in equity share capital of the Transferee Company as per Clause 6.3 of the Scheme (including any increase in equity share capital pursuant to issue of additional shares before the Effective Date) shall be credited to the Capital Reserve.
- (f) The inter-company deposits / loans and advances outstanding between the Transferee Company and the Transferor Company will stand cancelled.
- (g) In case of any differences in the accounting policies between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date of the Scheme will be quantified and adjusted in the reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the true financial position on the basis of consistent accounting policies.
- (h) The adjustment (if any) to the securities premium account of the Transferee Company (including securities premium pursuant to merger) and cancellation of the equity share capital pursuant to Clause 14.1(e) shall be effected as an integral part of the Scheme itself and shall be deemed to be in accordance with the provisions of Sections 100 to 103 and any other applicable provisions of the Act. The order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction without imposing a condition on the Transferee Company to add to its name the words, "and reduced".

15. MODIFICATION / AMENDMENT TO THE SCHEME

15.1. Subject to applicable law and the order of the High Court, the Transferor Company through its Board and the Transferee Company through its Board may at any time, in their absolute discretion, and jointly and mutually in writing, modify, vary, alter, interpret, clarify, give such directions as may be necessary to settle any question or difficulty in relation to this Scheme. This would include any alteration or modification in the Scheme pursuant to any directions issued by the High Court and/or any other Governmental Authority.

15.2. For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of the Transferor Company and the Transferee Company may give and are authorised to give such directions including directions for settling any question of doubt or difficulty that may arise.

16. CONDITIONS PRECEDENT TO THE SCHEME

16.1. The Scheme is conditional upon and subject to the following:

- (i) The Scheme being agreed to by the requisite number of shareholders and/or creditors and/or classes of shareholders and/or creditors of the Transferor Company and the Transferee Company as required under the Act and in accordance with the orders of the High Court;
- (ii) The certified copies of the High Court's order sanctioning this Scheme being filed with the Registrar of Companies by the Transferor Company and the Transferee Company;
- (iii) The sanctioned Scheme being finally approved by the IRDAI; and
- (iv) The requisite consent, approval or permission of any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

16.2. On approval of the Scheme by the shareholders and creditors of the Transferor Company and the Transferee Company, if required, in accordance with Section 391(1) of the Act, the shareholders and/or creditors of these Companies shall be deemed to have also resolved and given all relevant consents under the other provisions of the Act and Rules to the extent applicable and necessary to give effect to this Scheme.

16.3. The Transferor Company and the Transferee Company shall make necessary applications before the High Court for the sanction of this Scheme pursuant to Sections 391 to 394 of the Act.

16.4. Upon the coming into effect of the Scheme, the resolutions of the Transferor Company which are valid and operating as of the Effective Date shall be considered as the resolutions passed by the Transferee Company.

16.5. If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts of this Scheme.

17. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

17.1. 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 High Court by March 31, 2018 or such other date as may be mutually decided by the Board of Directors of the Transferor Company and Transferee Company, 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 and/or liabilities 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.

18. COSTS, CHARGES & EXPENSES

18.1. All costs charges and expenses payable by both the Transferor Company and the Transferee Company in connection with this Scheme and for the completion of the arrangement shall be borne as may be mutually agreed between the Transferor Company and the Transferee Company.

HDFC ERGO General Insurance Company Limited



February 13, 2017

HDFC General Insurance Limited

HDFC House, 1st Floor,
165-166, Backbay Reclamation,
H. T. Parekh Marg, Churchgate,
Mumbai - 400 020.

Re.: Scheme of Arrangement between HDFC ERGO General Insurance Company Limited ("Transferor Company") and HDFC General Insurance Limited ("Transferee Company") ("Scheme of Arrangement")

1. We refer to the notice of the meeting of equity shareholders of HDFC General Insurance Limited for the purpose of considering and if thought fit approving, with or without modification(s), the Scheme of Arrangement that is annexed to the notice.
2. In this regard, you are aware that at the time of approval of the Scheme of Arrangement ("the Scheme") by the Board of Directors, the networth of the Transferee Company was estimated at Rs. 124.80 crore. Thereafter, the Transferor Company and the Transferee Company became aware that the net-worth of the Transferee Company is lower by an amount of Rs. 14.39 crore. Accordingly, in order to portray a clearer picture of the financial position and networth, the issued, subscribed and paid-up equity share capital of the Transferee Company should be reduced by Rs. 221.39 crore instead of Rs. 207.00 crores (as mentioned in the Scheme) against the accumulated losses of the Transferee Company. Further, after approval of the Scheme by the Board of Directors, the Transferee Company has issued 1,50,00,000 equity shares of Rs. 10 each at par to the Transferor Company.

3. We accordingly propose that Clause 6 of the Scheme be modified to read as follows:

6.2 Accordingly, upon coming into effect of this Scheme, the accumulated losses amounting to Rs. 221,39,00,000 shall be adjusted against the issued, subscribed and paid-up equity share capital of Transferee Company by cancellation of 22,13,90,000 equity shares of Rs.10/- each.

6.3 Consequent to adjustment as mentioned in Clause 6.2 above, the authorized, issued, subscribed and paid-up share capital of the Transferee Company will be as under:

PARTICULARS	AMOUNT (IN RS.)
Authorised Share Capital	
85,00,00,000 equity shares of Rs. 10 each	850,00,00,000
TOTAL	850,00,00,000
Issued, Subscribed and Paid-up Share Capital:	
54,56,10,000 equity shares of Rs. 10 each	545,61,00,000
TOTAL	545,61,00,000

4. As we hold 100% of the total shareholding of the Transferee Company, we will be approving the Scheme with the aforesaid modification at the meeting of equity shareholders proposed to be held on March 29, 2017. You may accordingly inform all of the aforesaid modification to the Scheme.

Thank you.

Yours faithfully,
For HDFC ERGO General Insurance Company Limited


Ritesh Kumar
Managing Director and CEO

HDFC ERGO General Insurance Company Limited. CIN : U66010MH2002PLC134869.
Registered & Corporate Office: 1st Floor, HDFC House, 165 - 166 Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400 020.
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