

HDFC ERGO GENERAL INSURANCE COMPANY LIMITED

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF HDFC ERGO GENERAL INSURANCE COMPANY LIMITED AT ITS MEETING HELD ON JANUARY 15, 2020 EXPLAINING THE EFFECT OF THE SCHEME ON EQUITY SHAREHOLDERS, DIRECTORS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON PROMOTER SHAREHOLDERS

REPORT ON EFFECT OF SCHEME OF AMALGAMATION**1. Background:**

- 1.1 The Board of Directors of HDFC ERGO General Insurance Company Limited (Transferee Company) at its meeting held on January 15, 2020 approved the scheme of amalgamation between HDFC ERGO Health Insurance Limited (Transferor Company) and the Transferee Company under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 ('Companies Act'), the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, and other rules and regulations framed there under ('Scheme'). The Transferor and the Transferee Company are together referred to as the 'Amalgamating Companies'.
- 1.2 As per the provisions of Section 232(2)(c) of the Companies Act, the Directors of the Transferee Company are required to adopt a report explaining the effect of the Scheme on equity shareholders, directors, key managerial personnel (KMPs), promoters and non promoter shareholders, laying out, in particular the share exchange ratio, and the same is required to be circulated to the equity shareholders and creditors along with the notice convening the meeting, if the Tribunal does not dispense with calling such meeting. This report has, accordingly been made for adoption by the Board, in pursuance of the requirements under Section 232(2)(c) of the Companies Act.
- 1.3 The following documents were placed before the Board:
 1. Draft Scheme and
 2. Valuation Report dated January 11, 2020 issued by CMA Rajendra Kumar Joshi, Registered Valuer (Valuation Report).

2. Effect of Scheme of Amalgamation:

- 2.1 The Scheme contemplates amalgamation of the Transferor Company into the Transferee Company pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, and dissolution without winding up of the Transferor Company pursuant thereto. It does not



contemplate any compromise or arrangement with any other class of persons, apart from the shareholders of the respective companies.

2.2 Upon the Scheme becoming effective, the existing equity share capital of the Transferor Company shall stand cancelled and in consideration of the amalgamation of the Transferor Company in the Transferee Company, the Transferee Company shall, without any further application, act or deed, issue and allot to the shareholders of the Transferor Company, 100 (one hundred) Transferee Company equity shares of Rs. 10 each, credited as fully paid-up, for every 385 (three hundred and eighty five) equity shares of the face value of Rs. 10 (Rupees ten) each fully paid-up, held by such member in the Transferor Company as stipulated in clause 5.1 of Part II of the Scheme.

2.3 The effect of the proposed Scheme on the stakeholders of the Company would be as follows:

(a) Shareholders

Under the Scheme, an arrangement is sought to be entered into between the Transferee Company and its equity shareholders. Upon the coming into effect of Part II of the Scheme and in consideration of the transfer and vesting of the Transferor Company, the Transferee Company shall issue and allot to the equity shareholders of the Transferor Company, New Equity Shares of the Transferee Company in the ratio as enumerated in Clause 5.1 of the Scheme. Further, the authorised share capital of the Transferor Company shall stand transferred to and be amalgamated/combined with the authorised share capital of the Transferee Company in the manner as stipulated in Clause 4 of Part II of the Scheme.

(b) Creditors (including debenture holders)

Under the Scheme there is no arrangement proposed with the creditors of the Transferee Company. No compromise is offered under the Scheme to any of the creditors of the Transferee Company. The liability of the creditors of the Transferee Company, under the Scheme, is neither being reduced nor being extinguished. The creditors of the Transferee Company would in no way be affected by the Scheme.

Under the Scheme, no arrangement is sought to be entered into between the Transferee Company and its debenture holders (unsecured). No compromise is offered under the Scheme to any of the debenture holders (unsecured) of the Transferee Company. The liability of the debenture holders (unsecured) of the Transferee Company, under the Scheme, is neither being reduced nor being extinguished. The debenture trustee appointed for the debentures shall continue to remain the debenture trustee. Thus, the interest of the debenture



holders of the Transferee Company would in no way be affected by the Scheme.

As on date the Transferee Company has no outstanding towards any public deposits and therefore, the effect of the Scheme on any such deposit holders or deposit trustees does not arise.

(c) Directors, key managerial personnel and employees

Under Clause 1.2(m) of Part II of the Scheme, and with effect from the Effective Date, the Transferee Company undertakes to engage all the staff and employees of the Transferor Company on the same terms and conditions (and which are not less favourable than those) on which they are currently engaged by the Transferor Company, without any interruption or break in service. In the circumstances, the rights of the employees of the Transferor Company would in no way be affected by the Scheme. The employees of the Transferee Company shall continue to remain engaged by the Transferee Company on the same terms and conditions on which they are engaged by the Transferee Company.

The directors, key managerial personnel of the Transferee Company and their respective relatives may have an interest in the Scheme to the extent of the equity shares held by them in the Transferee Company and/or to the extent that 3 (three) of the directors of the Transferee Company, namely, Mr. Ritesh Kumar, Mr. Bernhard Steinruecke and Mr. Anuj Tyagi are also the directors of the Transferor Company and/or to the extent the said director(s), key managerial personnel and their respective relatives are the director(s) and/or members of the company that holds shares in the Companies. Save as aforesaid, none of the director(s), key managerial personnel of the Transferee Company or their respective relatives have any material interest in the Scheme.

3. Valuation

No special valuation difficulties were reported by the valuers.

Certified True Copy



Dayananda V. Shetty
Company Secretary & Chief Compliance Officer

Date: January 31, 2020

Place: Mumbai