

## **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**

**... TRANSFEREE 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, 1<sup>st</sup> 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, 1<sup>st</sup> 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:\*\*

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

\*\* 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:

<b>PARTICULARS</b>	<b>No. of Stock Options***</b>
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
<b>TOTAL</b>	<b>60,68,900</b>

**\*\*\* 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:-

<b>PARTICULARS</b>	<b>AMOUNT (IN RS.)</b>
<b>Authorised Share Capital:</b>	
85,00,00,000 equity shares of Rs. 10 each	850,00,00,000
<b>TOTAL</b>	<b>850,00,00,000</b>
<b>Issued, Subscribed and Fully Paid-up Share Capital:</b>	
75,20,00,000 equity shares of Rs. 10 each	752,00,00,000
<b>TOTAL</b>	<b>752,00,00,000</b>

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 TRANSFEE 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. 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:

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

- 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 TRANSFEE 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(b) 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 charge 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 6.3 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:

- (a) 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;
- (b) 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;
- (c) The sanctioned Scheme being finally approved by the IRDAI; and
- (d) 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.