

ANNEXURE 5

REPORT ADOPTED AND RECOMMENDED BY THE AUDIT COMMITTEE ("COMMITTEE") OF DR. AGARWAL'S HEALTH CARE LIMITED ("COMPANY" OR "TRANSFEREE COMPANY") AT ITS MEETING HELD ON AUGUST 26, 2025, ON THE DRAFT SCHEME OF AMALGAMATION AMONGST THE COMPANY, DR. AGARWAL'S EYE HOSPITAL LIMITED ("TRANSFEROR COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Members Present:

Mr. Sanjay Dharambir Anand, Independent Director

Mr. Balakrishnan Venkatraman, Independent Director

Ms. Archana Bhaskar, Independent Director

Mr. Nachiket Madhushan Mor, Independent Director

1. Background

- 1.1. The proposed scheme of amalgamation provides for a merger by absorption of Dr. Agarwal's Eye Hospital Limited ("**Transferor Company**" or "**AEHL**"), together with the Company ("**AHCL**", "**Companies**") into and with the Company and their respective shareholders and creditors ("**Scheme**"), wherein the Transferor Company shall amalgamate into and with the Transferee Company in terms of Section 230 to Section 232 and other applicable provisions, if any, of the Companies Act, 2013 ("**Act**") read with the rules and/ or regulations made thereunder (including any statutory modification {(s) or re-enactment(s) or other amendment(s) thereof for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**"), and other applicable laws including the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (as amended from time to time) ("**SEBI Scheme Circular**") or any other circulars issued by the Securities and Exchange Board of India ("**SEBI**") applicable to schemes of arrangement from time to time. The Scheme was presented to the Committee at its meeting held on August 26, 2025, for its consideration and making recommendation to the Board of Directors of the Company.
- 1.2. As per the SEBI Scheme Circular, a report from the Committee recommending the draft Scheme is required, taking into consideration, inter alia, the Valuation Report (*as hereinafter defined*), and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders, cost benefit analysis of the Scheme. This report of the audit committee of the Company is made in compliance with the requirements of the SEBI Scheme Circular issued by SEBI pursuant to the SEBI LODR Regulations.
- 1.3. While deliberating on the Scheme, the Committee, inter-alia, considered and took on record the following documents:
 - (i) Draft Scheme, duly initialled by Company Secretary of the Company for the purpose of identification;
 - (ii) Independent joint valuation report dated August 26, 2025 ("**Valuation Report**") issued by Banshi S Mehta Valuers LLP (IBBI Registration Number: IBBI/RV-E/06/2022/172) and

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PwC Business Consulting Services LLP (IBBI Registration Number: IBBI/RV-E/02/2022/158), describing *inter alia*, the methodologies adopted by them in arriving at the recommended Share Exchange Ratio (as defined below);

- (iii) Fairness Opinion dated August 26, 2025 ("Fairness Opinion") issued by Kotak Mahindra Capital Company Limited, an independent SEBI registered Category-I Merchant Banker (SEBI Registration Number: INM000008704), providing fairness opinion on the Share Exchange Ratio as recommended in the Valuation Report;
- (iv) Draft Auditors Certificate M/s. Deloitte Haskins & Sells, the statutory auditors of the Company (Firm Registration Number: 008072S) in terms of Para (A)(5) of Part I of the SEBI Scheme Circular and proviso to sub-clause (j) of Section 232(3) of the Act certifying that the accounting treatment contained in the draft Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act; and
- (v) Other presentations, documents and information made to/furnished before the Committee, at various board meetings of the Company, pertaining to the draft Scheme.

2. Salient Features of the Scheme

The Scheme, amongst others, contemplates the following arrangements (capitalised terms used and not defined herein shall have the meanings ascribed to them in the Scheme):

- (a) Amalgamation by way of merger by absorption of the Transferor Company into and with the Transferee Company in accordance with Section 2(1B) of the IT Act and Sections 230 to 232 of the Act and other applicable laws;
- (b) Upon the Scheme becoming effective and upon the amalgamation of the Transferor Company into the Transferee Company in terms of the Scheme, the Company shall issue and allot to the equity shareholders of the Transferor Company whose names appears: (i) in the register of members of the Transferor Company; and/or (ii) as the beneficial owner of the Transferor Company in the record of the depositories, on the Record Date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors, in title as may be recognized by the Board of the Company fully paid up equity shares, free and clear from all encumbrances together with all rights and benefits attaching thereto in the following ratio:

"For every 2 Transferor Company Shares, 23 Transferee Company Shares to be issued to the shareholders of the Transferor Company as of the Record Date, as recommended in the Valuation Reports and supported by the Fairness Opinions." ("Share Exchange Ratio")

The Consideration Shares shall be listed on the Stock Exchanges.

- (c) Pursuant to the sanction of the Scheme by the Hon'ble National Company Law Tribunal (NCLT) and upon fulfilment of conditions for the Scheme, the Scheme shall become effective from the opening hours of the first day of the calendar month immediately following the calendar month in which all of the conditions precedent set forth in the Scheme are fulfilled ("Effective Date"). The 'Appointed Date' for the Scheme shall mean opening of business on April 01, 2026, or such

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other date as may be fixed or approved by the Tribunal;

- (d) With effect from the Appointed Date and upon the Scheme becoming effective, the Transferor Company shall stand amalgamated into the Transferee Company and the entire Undertaking of the Transferor Company shall stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company to become the Undertaking of the Transferee Company, in the manner provided for in the Scheme, in accordance with Sections 230 to 232 of the Act, and other applicable laws;
- (e) As an integral part of the Scheme and upon the Scheme coming into effect on the Effective Date and with effect from the Appointed Date, the authorised share capital of the Transferor Company shall be reclassified / reorganised such that 2,00,00,000 Equity Shares of INR 10/- (Indian Rupees Ten) each of the Transferor Company shall stand reclassified / reorganized as 20,00,00,000 Equity Shares of INR 1/- (Indian Rupees One) each;
- (f) Upon the Scheme coming effect on the Effective Date and with effect from the Appointed Date, and pursuant to the reclassification and reorganization of the resultant authorized share capital of the Transferor Company as stated above, the entire authorized share capital of the Transferor Company shall be transferred to the authorized share capital of the Transferee Company without any further act, deed or instrument;
- (g) All the shares held by the Transferee Company in the Transferor Company as on the Effective Date shall stand cancelled without any further application, act or deed;
- (h) The Transferee Company Stock Options granted by the Transferee Company to the employees of the Transferor Company under the Transferee Company Option Scheme, which have either vested and have not been exercised or remain unvested as on the Effective Date, shall continue to remain vested or unvested, as the case may be, in accordance with their existing terms and conditions as applicable immediately prior to the Effective Date, and shall continue to be held by the eligible employees of the Transferor Company upon the Scheme becoming effective, subject to and in accordance with the terms of the Transferee Company Option Scheme;
- (i) On the coming into effect of the Scheme, the Transferor Company shall stand dissolved without being wound-up; and
- (j) The effectiveness of the Scheme is conditional upon fulfilment of the 'Conditions Precedent' as specified in the Scheme, which include:
 - (i) The receipt of no-objection letters by the Transferee Company and the Transferor Company from the Stock Exchanges in accordance with the Listing Regulations and the SEBI Circular in respect of the Scheme (prior to filing the Scheme with the Tribunal);
 - (ii) Approval of the members:
 - (a) the requisite majorities in number and value of such classes of members as may be directed by the Tribunal or any other competent authority, as may be applicable, approving the Scheme;
 - (b) the votes cast by the public shareholders of the Transferee Company in favour of the Scheme being more than the number of votes cast by the public shareholders of the Transferee Company against the Scheme;

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- (c) the votes cast by the public shareholders of the Transferor Company in favour of the Scheme being more than the number of votes cast by the public shareholders of the Transferor Company against the Scheme; and

in each case, in compliance with the provisions of the Act, the SEBI Circular and the Listing Regulations that require seeking approval of a Party through e-voting, if applicable;

- (iii) the requisite majorities in number and value of such classes of secured and unsecured creditors as may be directed by the Tribunal or any other competent authority, as may be applicable, approving the Scheme;
- (iv) the Scheme being sanctioned by the Tribunal under Sections 230 to 232 and any other applicable provisions of the Act, and receipt of the certified copies of the order of the Tribunal sanctioning the Scheme;
- (v) each of the Companies having filed the certified copies of the order of the Tribunal sanctioning the Scheme with the ROC within the statutory timelines; and
- (vi) there not being any governmental order from any Governmental Authority (other than a competition and/or anti-trust authority) that has the effect of making the Amalgamation illegal or otherwise restraining or preventing its consummation.

3. Need and rationale for the Scheme

- 3.1. The amalgamation will result in the consolidation of the business of the Companies into a single entity and will *inter alia* result in the following benefits:

Operational and financial efficiencies:

- (i) integration of operations leading to more efficient and economical management of the business;
- (ii) streamlined functions, standardized protocols, enhanced operational, organizational and financial efficiencies and transparency, and achieving economies of scale by pooling of resources;

Integrated Capital Allocation for Stronger Growth:

- (i) a unified capital structure will allow for a more efficient allocation of capital and resources, and will also enable prioritization of strategic investments;
- (ii) more efficient management of working capital and cash flows by optimizing the use of existing cash balances and providing unrestricted access to combined cash resources, which can be strategically deployed for growth and continued operations;

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Simplified Legal, Regulatory and Governance Framework:

- (i) dedicated, specialized management focus on a single entity, fostering agility and enabling strategic alignment;
- (ii) consolidation of administrative and managerial functions and elimination of multiple record-keeping, *inter alia* other expenditures and optimal utilization of resources;

Shareholder Value Creation:

- (i) accretion in terms of earnings per share from the first year of the implementation of the Scheme that will benefit all the stakeholders of AHCL and AEHL, leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders;
 - (i) alignment of interest of all stakeholders of both Companies and streamlining of the corporate structure.
- 3.2. Further, the Transferee Company was listed on the BSE Limited and the National Stock Exchange of India Ltd. ("**Stock Exchanges**") on February 4, 2025, pursuant to an initial public offering of its Equity Shares. In its prospectus dated January 31, 2025, the Transferee Company disclosed its intention to explore a potential merger with the Transferor Company within three (3) years from the date of listing, subject to receipt of requisite approvals, prevailing market conditions, and assessment of business synergies, in furtherance of which, the Transferee Company and the Transferor Company are entering into this Scheme of amalgamation.

4. Synergies of business of the entities involved in the Scheme

The proposed Scheme would result in the following synergies:

- (a) Merging the Transferor Company with the Transferee Company will facilitate the integration of their business operations. This merger will result in the integration of operations leading to more efficient and economical management of the business.
- (b) Legal and regulatory compliances of both the listed entities will be unified and streamlined. Consolidation of administrative and managerial functions and elimination of multiple record-keeping, *inter alia* other expenditures and optimal utilization of resources.
- (c) An integrated and coordinated approach will allow for a more efficient allocation of capital management.

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5. Impact of the Scheme on the shareholders

- 5.1. The Scheme is expected to be beneficial to the shareholders of the Company, leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders.
- 5.2. In consideration for the amalgamation of the Transferor Company with the Company, the shareholders of the Transferor Company, as on the Record Date (as defined in the Scheme) shall receive equity shares of the Company. Further, the rights and interests of the shareholders of the Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the shareholders of the Company, before and after the Scheme. The equity shares to be issued by the Company to the shareholders of the Transferor Company pursuant to the Scheme shall rank pari passu in all respects with the then existing equity shares of the Company;
- 5.3. The shareholders of the Transferee Company will continue to be the shareholders of the Transferee Company.
- 5.4. The equity shares that will be issued by the Transferee Company on account of the Scheme will result in dilution of the existing shareholding in the Transferee Company and the shareholders of the Transferee Company in turn will benefit on account of: (a) synergies which are expected to accrue to the Company; and (b) operational efficiencies.

6. Cost Benefit Analysis of the Scheme

The Scheme is expected to provide an opportunity to improve the economic value for the Companies involved in the Scheme and their stakeholders pursuant to the consolidation. This is primarily on account of revenue and cost synergies which are expected to accrue to the Company on account of the Scheme and more particularly detailed out in paragraph 3 and 4 above. While the proposed amalgamation would lead to transaction costs relating to its implementation, the long-term benefits of the Scheme are expected to outweigh such costs for the Company and its stakeholders.

7. Valuation Report and Fairness Opinion

The Audit Committee reviewed the:

- (i) Draft Scheme;
- (ii) Valuation Report and noted the methods of valuation;
- (iii) Fairness Opinion; and
- (iv) Draft Auditor's Certificate.

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8. Recommendation of the Audit Committee

- 8.1. The Committee has reviewed the Valuation Report and noted the recommendations made therein. Further, the Fairness Opinion has confirmed that the recommended Share Exchange Ratio by the valuer in the Valuation Report is fair and reasonable from a financial point of view.
- 8.2. Taking into consideration the draft Scheme, Valuation Report, Fairness Opinion, draft Auditor's Certificate, need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders, cost benefit analysis of the Scheme, and other relevant documents, as placed, the Audit Committee recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, Stock Exchanges, SEBI and other appropriate authorities.

For and on behalf of the Audit Committee of Dr. Agarwal's Health Care Limited



Sanjay Dharambir Anand

Designation: Independent Director, Chairperson of the Audit Committee Meeting

DIN: 02501139

Date: August 26, 2025

Place: Chennai

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