

**REPORT ADOPTED BY THE BOARD OF DIRECTORS (“BOARD”) OF DR. AGARWAL’S EYE HOSPITAL LIMITED AT ITS MEETING HELD ON AUGUST 27, 2025 EXPLAINING THE EFFECT OF DRAFT SCHEME OF AMALGAMATION AMONGST DR. AGARWAL’S HEALTH CARE LIMITED (“TRANSFEREE COMPANY” OR “AHCL”) AND DR. AGARWAL’S EYE HOSPITAL LIMITED (“TRANSFEROR COMPANY” OR “THE COMPANY” OR “AEHL”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS, ON EACH CLASS OF SHAREHOLDERS (PROMOTERS AND NON-PROMOTER SHAREHOLDERS), KEY MANAGERIAL PERSONNEL AND CREDITORS AND SPECIFYING ANY SPECIAL VALUATION DIFFICULTIES**

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**I. BACKGROUND**

1. Based on the recommendations of the Audit Committee and Committee of Independent Directors of the Company at their respective meetings held on August 26, 2025, a draft of the proposed scheme of amalgamation involving the Company and the Transferee Company (collectively referred to as the “Companies”) and their respective shareholders and creditors (“Scheme”) pursuant to the provisions of Section 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with, rules and/or regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Section 2(1B) and other relevant provisions of the Income Tax Act 1961, as may be applicable, 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”) or the Stock Exchanges (*as defined below*), applicable to schemes of arrangement from time to time was presented to the Board at its meeting held on August 27, 2025 for its consideration and approval.

2. The Scheme, *inter alia*, 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 Transferee 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 Transferee 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 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 Share 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 or remain unvested and have not been exercised 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 NCLT 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;
- (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 Scheme Circular and the SEBI LODR 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 NCLT or any other competent authority, as may be applicable, approving the Scheme;
  - (iv) the Scheme being sanctioned by the NCLT under Sections 230 to 232 and any other applicable provisions of the Act, and receipt of the certified copies of the order of the NCLT sanctioning the Scheme;
  - (v) each of the Companies having filed the certified copies of the order of the NCLT 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. The draft Scheme will be filed with the Stock Exchanges, pursuant to Regulation 37 of the SEBI LODR Regulations read with the SEBI Scheme Circular, for obtaining a no-objection letter from the Stock Exchanges.
  4. The Scheme was approved by the Audit Committee of the Company at its meeting held on August 26, 2025 and by the Committee of Independent Directors of the Company at its meeting held on August 26, 2025.
  5. In terms of Section 232(2)(c) of the Act, a report from the Board of the Company explaining the effect of the Scheme on each class of shareholders (promoters and non-promoter shareholders), creditors and key managerial personnel of the Company, setting out, among other things, the share exchange ratio, specifying any special valuation difficulties, is required to be adopted by the Board. Such report is then required to be appended with the notice of the meeting of shareholders and creditors when such meeting is ordered by the jurisdictional NCLT.
  6. Accordingly, this report of the Board is prepared to comply with the aforesaid requirements of Section 232(2)(c) of the Act and the SEBI Scheme Circular ("**Report**").
  7. While deliberating on the Scheme, the Board, *inter-alia*, considered and took on record the following documents:
    - (a) Draft Scheme; duly initialled by Company Secretary of the Company for the purpose of identification;

- (b) Independent joint valuation report dated August 26, 2025 (“**Valuation Report**”) issued by Bansi S Mehta Valuers LLP (IBBI Registration Number: IBBI/RV-E/06/2022/172) and 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*);
- (c) Fairness Opinion dated August 26, 2025 (“**Fairness Opinion**”) issued by Motilal Oswal Investment Advisors Limited, an independent SEBI registered Category-I Merchant Banker (SEBI Registration Number: INM000011005), providing fairness opinion on the Share Exchange Ratio as recommended in the Valuation Report;
- (d) Draft Auditor’s Certificate (“**Auditor Certificate**”) from the Statutory Auditors of the Company, i.e., M/s Deloitte Haskins & Sells, (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 accounting standards prescribed under Section 133 of the Act;
- (e) Report of the Audit Committee of the Company dated August 26, 2025, recommending the Scheme, taking into consideration *inter alia*, the Valuation Report, and commenting on the need for the Scheme, rationale of the Scheme, cost benefit analysis of the Scheme, impact of the Scheme on the shareholders of the Company and synergies of business of entities involved;
- (f) Report of the Committee of Independent Directors of the Company dated August 26, 2025, recommending the Scheme, taking into consideration *inter alia*, that the Scheme is not detrimental to the shareholders of the Company; and
- (g) Other presentations, reports, documents and information made to/furnished before the board, at various board meetings of the Company, pertaining to the draft Scheme.

## 8. **Rationale of the Scheme**

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;

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;
- (ii) alignment of interest of all stakeholders of both the Companies and streamlining of the corporate structure.

Further, the Transferee Company was listed on the BSE Limited and National Stock Exchange of India Limited (“**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.

**II. EFFECT OF THE SCHEME ON EACH CLASS OF SHAREHOLDERS (PROMOTER SHAREHOLDERS AND NON-PROMOTER SHAREHOLDERS), KEY MANAGERIAL PERSONNEL AND CREDITORS OF THE COMPANY**

1. Effect on each class of shareholders (promoter shareholders and non-promoter shareholders):

- (a) The Company has equity shareholders. The Company has no other class of shareholders.
- (b) Pursuant to the Scheme, the Transferor Company shall be merged into and with the Transferee Company.
- (c) Upon the Scheme becoming effective and upon the amalgamation of the Transferor Company into the Transferee Company in terms of the Scheme, the Transferee 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 Transferee 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.”*

- (d) The equity shares to be issued and allotted by the Transferee Company in the manner set out above shall be issued simultaneously following effectiveness of the Scheme and shall rank *pari passu* in all respects with the then existing equity shares of the Transferee Company.
- (e) The Scheme is expected to have several benefits for the Company, as indicated in the rationale of the Scheme set out in paragraph 8 and is expected to be in the best interests of the shareholders of the Company.

2. Effect on the key managerial personnel:

- (a) Upon the Scheme becoming effective and with effect from the Appointed Date, all employees of the Transferor Company (including the key managerial personnel) as on the Effective Date, will stand transferred to the Transferee Company and will become the employees of the Transferee Company on the same terms and conditions or such terms which shall not be less favourable than those on which they are employed by the Transferor Company with or without the same designation.
- (b) The key management personnel who are shareholders of the Company will be allotted shares of the Transferee Company, like the other shareholders of the Company. Please refer to paragraph II (1) above for details regarding effect on the shareholders.

3. Effect on the creditors:

Under the Scheme, no arrangement or compromise is being proposed with the creditors (secured or unsecured) of the Company. The liability of the creditors of the Company, under the Scheme, is neither being reduced nor being extinguished.

**III. SHARE EXCHANGE RATIO**

- 1. For the purpose of arriving at the recommended Share Exchange Ratio, the Valuation Report was obtained by the Company in terms of the SEBI Scheme Circular.
- 2. The independent registered valuers appointed to determine the recommended Share Exchange Ratio for the amalgamation have not expressed any difficulty while determining the same.
- 3. The Fairness Opinion issued by Motilal Oswal Investment Advisors Limited, an independent SEBI registered Category - I Merchant Banker (SEBI Registration Number: INM000011005), also does not indicate any special valuation difficulties.
- 4. The independent valuers have considered the Asset Approach Method, the Income Approach Method and the Market Approach Method, to arrive at the recommended Share Exchange Ratio for the Scheme.
- 5. However, considering the nature of the transactions contemplated in the Scheme, the valuers are of the opinion that Asset Approach method is of limited relevance and have based their valuation on Income Approach and Market Approach method.

6. The recommendation of the Share Exchange Ratio for the amalgamation has been certified as being fair and has been approved by the Board of the Company, the Audit Committee of the Company and the Committee of Independent Directors of the Company.

#### **IV. ADOPTION OF THE REPORT BY THE BOARD**

1. The Board of the Company has adopted this Report after noting and considering the information set forth in this Report. The Board or any fully authorized committee/ person by the Board is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall have deemed to form part of this Report.
2. In order for the Company to comply with the requirements of extant regulations applicable to companies undertaking any scheme of amalgamation, this Report of the Board may please be taken on record while considering the Scheme.
3. While deliberating the Scheme, the Board has considered its impact on each of the shareholders (promoters and non-promoter shareholders), key managerial personnel and creditors. In the opinion of the Board, the Scheme is in the best interest of the shareholders (promoters and non-promoter shareholders), key managerial personnel and creditors of the Company and there shall be no prejudice caused to them in any manner by the Scheme.

**For and on behalf of the Board of Directors of Dr. Agarwal's Eye Hospital Limited**



**Dr. Amar Agarwal**  
**Chairman and Managing Director**