

NOTICE OF THE EXTRA - ORDINARY GENERAL MEETING

NOTICE is hereby given that an Extra-ordinary General Meeting (EGM) of the Members of HDFC ERGO General Insurance Company Limited (HDFC ERGO) will be held on Monday, March 2, 2015, at 10:00 AM, at the Registered Office of the Company, 'Board Room', 1st Floor, 165 – 166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400020, to transact the following Special Business:

1. To approve amendments to ESOP-2009 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution

“RESOLVED THAT in partial modification of the resolution passed by the Members of the Company at the Extra-Ordinary General Meeting (EGM) held on January 19, 2010 and pursuant to the provisions of Section 62(1) (b) and other applicable provisions, if any, of the Companies Act, 2013 (**“the Act”**) (including any statutory modification(s) or re- enactment thereof for the time being in force) and in accordance with the Companies (Share Capital and Debentures) Rules, 2014, as amended, and the provisions of all other applicable laws and regulations including relevant circulars and notifications issued thereunder by the Reserve Bank of India, the Insurance Regulatory and Development Authority of India, the relevant provisions of the Memorandum and Articles of Association of the Company and subject to such other applicable rules, regulations and guidelines as may be applicable and subject to the approvals, consents, permissions and/or sanctions as may be required from appropriate regulatory authorities/institutions or bodies and subject to such terms and conditions as may be prescribed/imposed, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the **“Board”** which shall include the Nomination and Remuneration Committee of Directors (**“NRC”**) constituted by the Board to exercise its powers including the powers conferred by this resolution), to offer, issue and allot such number of equity shares of the Company (**“Shares”**), as may be decided by the Board from time to time, provided that the aggregate shareholding of the employees shall not exceed 1.95% of the paid-up equity share capital of the Company at any point of time, to the employees, being a permanent employee of the Company working in India or outside India as on the date of the Grant, or a whole time director of the Company as on the date of the Grant, who shall be selected by the NRC for Grant of Options, from time to time and is otherwise eligible for all the benefits under HDFC ERGO Employees Stock Option Plan – 2009 (**“ESOP – 2009 / Scheme”**), and shall exclude (i) an Employee who is a 'Promoter' as defined under the Act or a person belonging to the 'Promoter Group' as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended; (ii) a director who either by himself or through his relative or through any body corporate,

directly or indirectly holds more than 10% of the outstanding equity shares of the Company; (iii) Non-resident Employee in India including employee/s deputed/seconded by ERGO International AG or its affiliates to the Company as per the requirements of the Shareholders' Agreement dated October 30, 2007 between HDFC Limited and ERGO International AG (hereinafter collectively referred to as "**Eligible Employees**") in terms of this resolution and on such terms and conditions and in such tranches as may be decided by the Board, in its sole and absolute discretion."

"RESOLVED FURTHER THAT without prejudice to the generality of the above but subject to the terms mentioned in the Explanatory Statement to this Resolution, which are hereby approved by the Members or any amendment or modification thereof, the Board be and is hereby authorised to amend the Scheme detailing therein all the terms for granting of employee stock options (including terms relating to eligibility of the said employees under ESOP - 2009), to grant the options under the said ESOP - 2009 (detailing the terms of the options) at such time or times as it may decide in its absolute discretion and is also authorised to determine, in its absolute discretion, as to when Shares are to be issued, the number of Shares to be issued in each tranche, the terms or combination of terms subject to which the said Shares are to be issued (including the combination of terms for Shares issued at various points of time), the requirement of vesting and the period of vesting, the conditions under which options vested in Employees may lapse, terms relating to specified time within which an Employee should exercise his/her option in the event of his/her termination or resignation, terms relating to dividend on the Shares to be issued, terms relating to exercise of voting rights, terms relating to the manner in which the applicable tax shall be deducted / collected / recovered by the Company from the relevant Eligible Employee purchasing Shares from the Company under the provisions of the Income-tax Act, 1961 (or any other taxing statute) and the rules made there under and all such other terms as would be applicable to the offerings of a similar nature and shall ensure that the Scheme contains and conforms to the provisions of the Act and the Companies (Share Capital and Debentures) Rules, 2014."

"RESOLVED FURTHER THAT subject to the terms stated herein, the Shares allotted pursuant to this resolution shall rank pari passu inter se and with the existing Shares of the Company, in all respects."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation or formulation of the Scheme and to the Shares issued pursuant to the Scheme (including to amend or modify any of the terms thereof) without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members

shall be deemed to have given their approval thereto expressly by the authority of this resolution. Provided that any such amendment or modification to any of the terms thereof, are not prejudicial to the interest of the option grantees/ holders”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to vary, amend, modify or alter the terms of the Scheme in accordance with and subject to the terms of the Scheme and any guidelines, rules or regulations that may be issued by any appropriate regulatory/statutory authority and shall ensure that such variation is not prejudicial to the interest of option holders.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary in relation thereto.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to the members of the Nomination and Remuneration Committee of Directors constituted by the Board, to give effect to this resolution.”

“RESOLVED FURTHER THAT the implementation of and all decisions relating to and concerning the ESOP - 2009 shall require the consent of at least one Director each representing HDFC and ERGO International, AG, respectively.”

By Order of the Board of Directors,

Place: Mumbai
Date: January 20, 2015

Sd/-
Dayananda V. Shetty
Company Secretary

NOTES:

- i. The statement pursuant to Section 102 of the Companies Act, 2013, stating all material facts and the reasons for the proposal set out above is annexed herewith.
- ii. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM TO BE EFFECTIVE SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE, DULY COMPLETED AND **SIGNED NOT LESS THAN 48 (FORTY EIGHT) HOURS** BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.
- iii. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- iv. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
- v. Proxy shall not vote except on a poll.
- vi. In case of joint holders attending the Meeting, only the first named holder will be entitled to vote.
- vii. All documents referred to in the notice requiring the approval of the Members at the Meeting shall be available for inspection by the Members at the Registered Office of the Company during business hours from the date hereof up to the date of the Meeting.

ANNEXURE TO THE NOTICE

Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013

Item No. 1:

As per the approval given by the Shareholders at the Extra-ordinary General Meeting (EGM) held on January 19, 2010, the Company from time to time can grant stock options under ESOP-2009, subject however that the aggregate options granted shall not exceed 1.95% of the paid-up equity share capital of the Company at any point of time.

At the time of granting approval to ESOP-2009, it was the intention of the Promoters that the Company may grant such number of stock options, as the Board may decide from time to time, subject to the condition that the shareholding of employees, pursuant to exercise of stock options, net of shares sold pursuant and in accordance with ESOP-2009, at any point of time shall not exceed 1.95% of the paid-up equity share capital of the Company. Further, it was also the intention that options equivalent to number of shares being sold under ESOP-2009 to the Promoters shall be available for grant under ESOP-2009, subject to the aforesaid limit.

To correct the anomaly between the resolution passed at the EGM held on January 19, 2010 and the intent of the Promoters, and to conform to the provisions of Section 62(1)(b) of the Companies Act, 2013 (the Act) and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, it is proposed to seek the approval of the Members to amend the resolution passed at the EGM held on January 19, 2010 as provided in the special resolution at Item No. 1 of the Notice dated [.] and as mentioned hereinafter and accordingly to amend the Scheme.

The following would inter alia be the broad terms and conditions of ESOP – 2009, as amended:

1. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of Directors of the Company constituted by the Board has been authorised to inter alia formulate, administer and supervise ESOP - 2009 including framing of its terms and conditions in terms of Section 62(1)(b) of the Act and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014.

2. Total number of options to be granted

Shall be such numbers as may be decided and approved for grant by the Board from time to time, subject to the condition that the aggregate shareholding of the employees of the Company i.e. shares allotted pursuant to exercise of stock options net of shares sold in terms of ESOP-2009, shall not exceed 1.95% of the paid-up equity share capital of the Company at any point of time.

The options which may lapse / expire or are forfeited and options equaling number of shares sold by the employees in terms of ESOP-2009 will be available for grant to the eligible employees.

As on December 31, 2014, out of 33,20,250 shares allotted to the employees pursuant to exercise of options under ESOP-2009, 4,86,250 shares were sold to HDFC Limited, one of the promoter of the Company. Accordingly, 4,86,250 options were available for grant under ESOP-2009 to the eligible employees, as the Board may deem fit.

3. Identification of classes of employees entitled to participate in the ESOP 2009

The present and future permanent employees, whether working in India or outside India and whole-time directors of the Company are eligible to participate in ESOP - 2009, subject to such eligibility criteria as may be decided by the Board from time to time. The Board will decide on the category / grades of employees who would be eligible to participate in ESOP – 2009 from time to time under different grants.

4. Appraisal process for determining the eligibility of employees

Whilst granting the options to the employees under ESOP-2009, the Board would inter alia consider grade, performance, merit, future potential contribution, conduct of the employee and such other factors as are deemed appropriate.

Notwithstanding anything contained in the resolution or the explanatory statement hereto, the Board would have the absolute discretion to determine the employees eligible to be granted options under the ESOP - 2009 and the quantum of options to be granted to any eligible employee.

5. Vesting, period of vesting and the maximum period of vesting

Subject to the applicable laws, regulations and guidelines issued by any statutory authorities in this regard, the options would be granted and vested by the Board to the Employees within such period and upon such terms as it may stipulate under

ESOP – 2009 evolved by it in that behalf, subject however that the time gap between the date of grant and date of vesting shall not exceed 4 years and the minimum time gap shall be as prescribed under the Companies (Share Capital and Debentures) Rules, 2014. Vesting of Options would also be subject to continued employment of the Option Grantee with the Company.

6. Pricing formula

The options would be granted to the Eligible Employees at not less than the fair value of the equity shares of the Company determined by an independent valuer.

7. Exercise period and process of exercise

The Eligible Employees shall be entitled to exercise the options within such period as may be determined by the Board, subject to a maximum of 5 years from the date of respective vesting.

The option shall be deemed to be exercised when the Company receives the duly filled-in 'Exercise Application' from the person entitled to exercise the option along with full payment for the shares with respect to which the options are exercised. The date of receipt of 'Exercise Application' shall be deemed as the 'date of exercise' for the purpose of determination of tax on perquisite value of options exercised, if any. The Company may provide the facility of on-line exercise of vested options.

8. Lock in period

The Shares issued pursuant to exercise of options under ESOP 2009, shall not be subject to any lock-in period.

9. Maximum number of options to be issued per employee and in aggregate

The maximum number of options to be issued to any Eligible Employee during any one year will be decided by the Board, subject however that the same shall be less than 1% of the total issued equity shares of the Company as on the date of grant.

The aggregate number of options to be granted shall be such numbers as may be decided and approved for grant by the Board from time to time, subject to the condition that the aggregate shareholding of the employees of the Company i.e. shares allotted pursuant to exercise of stock options net of shares sold in terms of

ESOP-2009, does not exceed 1.95% of the paid-up equity share capital of the Company at any point of time.

10. The method for valuation of options

The Company shall follow the intrinsic value method to value its stock options.

11. The conditions under which option vested may lapse

In the event of resignation or termination of employment, all options not vested in the employee as on that day shall expire. However, the employee can exercise the options granted to him which are vested within the period specified in this behalf, subject to the terms and conditions under the scheme granting such options and as approved by the Board.

However, in case of termination of employment or resignation of employee due to misconduct or moral turpitude or for similar reasons, all options vested but not exercised shall lapse.

12. Time for exercise of vested options in the event of termination of employment or resignation of employee

Vested options in the event of termination of employment, which are not liable to lapse shall be exercised within 15 days from the date of termination becoming effective.

13. Deduction / recovery of tax on perquisite value of option

In terms of the provisions of the Income-tax Act, 1961, as amended from time to time and the Rules / Notifications issued thereunder, the Company would deduct / recover the tax on the perquisite value of the option, if any, from the Eligible Employees.

It is further clarified that the Company shall be entitled to receive the entire consideration and the applicable tax at the time of exercise of the options by the eligible employees, irrespective of when the Company may be required to deposit the tax with the relevant authority.

14. Accounting policies

The Company shall comply with the applicable accounting standards

15. Listing

The shares allotted pursuant to the exercise of the stock options, shall not be listed till the shares of the Company are listed on the recognized Stock Exchange(s). However, the Company would on a best effort basis arrange to provide exit opportunities, in case the eligible employee wishes to sell the shares allotted pursuant to exercise of options prior to the listing of the shares on the recognized Stock Exchange(s).

ESOP-2009 contains the detailed provisions inter-alia with regard to the eligibility criteria for the employees, the terms and conditions subject to which shares would be issued, the modus of grant, vesting and exercise of the options, the exit route, the exit price and the restriction on voting rights till the shares are listed on the Stock Exchange(s) and such other terms relating to ESOP-2009.

Pursuant to Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the the Companies (Share Capital and Debentures) Rules, 2014, subscribed capital of the Company can be further increased by issue of equity shares to employees under a scheme of employees' stock option, provided the Shareholders of the Company approve the issue of such equity shares by way of a special resolution and the requisite disclosures as prescribed under the said Rule has been made in the explanatory statement annexed to the notice for passing of the said resolution.

Accordingly, consent of the Shareholders in general meeting by way of a special resolution would be necessary to amend the terms and conditions of ESOP-2009 as approved earlier by the shareholders at the EGM held on January 19, 2010. This resolution and the terms stated therein as also the terms stated in the explanatory statement hereinabove shall be subject to the guidelines/regulations issued / to be issued by statutory authorities in that behalf and the Board shall have the absolute authority to modify the terms herein which do not conform with the provisions of the said guidelines/regulations.

The Board of Directors recommends the resolution for approval of the Members.

Since the options under the Scheme could be also offered and issued to the Key Managerial Personnel of the Company (KMP), other than the KMP and their

relatives, none of the directors of the Company or their relatives are in any way concerned or interested in the said resolution.

The Shareholders approval in accordance with this resolution is inter alia also being sought for authorising the Board to do acts as stated in the resolution and hereinabove where they would be the beneficiaries.

By Order of the Board of Directors,

Place: Mumbai
Date: January 20, 2015

Sd/-
Dayananda V. Shetty
Company Secretary

Form No. MGT-11

Proxy form



[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U66010MH2002PLC134869

Name of the company: **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED**

Registered office: 1st Floor, 165 – 166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400020

Name of the member(s):

Registered address:

Email id:

Folio No/ Client Id:

DP ID:

I/ We, being the holder of shares of the above named company, hereby appoint:

- (1) Name: Address:
Email Id: Signature: or failing him
- (2) Name: Address:
Email Id: Signature: or failing him
- (3) Name: Address:
Email Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on our behalf at the Extra Ordinary General Meeting of the Company, to be held on Monday, March 2, 2015 at 10:00 AM, at the Registered Office of the Company and at any adjournment thereof in respect of such resolution as indicated below:

Special Business

- 1 Amendments to ESOP-2009

Signed this day of..... 2015

Signature of Member(s):



Signature of Proxy holder(s):

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Registered Office: 1st Floor, 165 – 166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai – 400 020 | Customer Service Address: 6th Floor, Leela Business Park, Andheri – Kurla Road, Andheri East, Mumbai – 400059 | Tel No. +91 22 6638 3600 | Fax: +91 22 6638 3699 | care@hdfcergo.com | www.hdfcergo.com | IRDA Reg. No. 125 | CIN: U66010MH2002PLC134869



ATTENDANCE SLIP

(Please hand over at the entrance of the Venue)

Extra-Ordinary General Meeting – Monday, March 2, 2015

I / We hereby record my / our presence at the EXTRA-ORDINARY GENERAL MEETING of the Company held at the Registered Office of the Company, 'Board Room', 1st Floor, 165 – 166, Backbay Reclamation, H T Parekh Marg, Churchgate, Mumbai 400020' on Monday, March 2, 2015 at 10:00 AM

Full name of the Member (IN BLOCK LETTERS)

.....

Folio No.: DP ID No.: Client ID No.:

No. of Shares held:

Full name of Proxy (IN BLOCK LETTERS):

Member's / Proxy's Signature:

Note: The Member/Proxy must bring this Attendance Slip to the Meeting duly completed and signed and hand over the same at the entrance of the venue.