

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 AT A SHORTER NOTICE ON FRIDAY, FEBRUARY 3, 2017, AT 11.00 A.M, 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 BUSINESSES:

1. VARIATION TO TERMS OF HDFC ERGO EMPLOYEE STOCK OPTION PLAN – 2009 (ESOP-2009) – INCREASE OF EXERCISE PERIOD:

To approve variation in the terms of 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 March 2, 2015 approving amendments to HDFC ERGO Employees Stock Option Plan – 2009 (“ESOP – 2009/ Scheme”), and pursuant to the provisions of Section 62 (1) (b) and Rule 12(5) of the Companies (Share Capital and Debentures) Rules, 2014 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 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), for increasing the exercise period to 7 years, from the respective date of vesting, in respect of unexercised options granted on February 10, 2010 and May 25, 2010 under Tranche 1 and Tranche 2, respectively of ESOP-2009 .

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 ESOP - 2009 shall require the consent of at least one Director each representing HDFC and ERGO International, AG, respectively.”

2. AMENDMENTS TO HDFC ERGO EMPLOYEE STOCK OPTION PLAN – 2009 (ESOP-2009) – ELIGIBILITY OF EMPLOYEES OF SUBSIDIARY COMPANY:

To approve amendments to ESOP-2009 with respect to eligibility of employees of subsidiary company to participate in 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 pursuant to the provisions of Section 62(1) (b) and Rule 12 (4) of the Companies (Share Capital and Debentures) Rules, 2014 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 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”**) under HDFC ERGO Employees Stock Option Plan – 2009 (**“ESOP – 2009/ Scheme”**), to the employees of the subsidiary company as may be decided by the Board from time to time, being a permanent employee of the subsidiary company working in India or outside India as on the date of the Grant, or a whole-time director of the subsidiary company as on the date of the Grant, who shall be selected by the NRC of the Company for Grant of Options, pursuant to recommendations of the NRC of the subsidiary company, provided that the aggregate shareholding of the employees of the Company and that of subsidiary company shall not exceed 1.95% of the paid-up equity share capital of the Company at any point of time, on such terms and conditions and in

such tranches as may be decided by the Board, in its sole and absolute discretion, and that ESOP-2009 shall stand altered accordingly

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

Date: January 25, 2017
Place: Mumbai

Sd/-
Dayananda V. Shetty
Company Secretary and Head – Legal & Compliance
FCS: 4638

NOTES:

- (i) The statement pursuant to Section 102 of the Companies Act, 2013, stating all material facts and the reasons for the proposals 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 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 under Section 113 of the Act, 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 and the Explanatory Statement 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 and thereafter amended at the EGM held on March 2, 2015, the Company can grant stock options under ESOP-2009 to eligible employees of the Company, 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.

As on date, options under ESOP-2009 were granted on various dates under 8 Tranches. The options under Tranche-1 were granted on February 10, 2010 and Tranche-2 on May 25, 2010. These options thereafter vested in 3 tranches, @ 25%, 25% and 50% of the grant, at the end of 2 years, 3 years and 4 years respectively from the date of grant.

As per the approval given by the Shareholders and as per the terms of the said grant, the vested options need to be exercised within 5 years from the date of respective vesting.

Accordingly, the last date for Exercise of Options vested on February 10, 2012 and May 25, 2012, under Tranche-1 and Tranche – 2 respectively, is February 9, 2017 and May 24, 2017 respectively.

Due to various factors, few of the Option Grantees who have been vested options under Vest-1 of Tranche-1 and Tranche-2 have not exercised the vested options. The total unexercised options under Tranche-1 and Tranche-2 of ESOP-2009 are 7,63,550 and 9,52,500 respectively.

As per the provisions of ESOP-2009, in case the vested options are not exercised within 5 years from the date of vesting, the same shall lapse.

The Company has been approached by the Option Grantees with a request to increase the Exercise Period in respect of the options vested under Tranche-1 and Tranche-2. Considering the principal objectives of ESOP 2009, it is proposed to increase the exercise period in respect of options unexercised under Tranche-1 and Tranche-2 from maximum of 5 years from the date of respective vesting to a maximum of 7 years from the date of respective vesting.

In terms of the Rule 12 (5) (a) of the Companies (Share Capital and Debentures) Rules, 2014, a company may, by special resolution, vary the terms of employee stock option plan provided such variation is not prejudicial to the interests of the Option Grantees.

The proposed variation in ESOP-2009 to increase the exercise period is not prejudicial to the interest of the Option Grantees.

The beneficiaries of the variation are Option Grantees under Tranche-1 and Tranche-2.

The approval of the Shareholders is being sought by way of a special resolution for increasing the exercise period to 7 years, from the respective date of vesting, in respect of unexercised options granted on February 10, 2010 and May 25, 2010 under Tranche 1 and Tranche 2 of ESOP-2009.

The resolution at Item No. 1 and the terms stated therein as also the terms stated in the explanatory statement hereinabove shall be subject to the rules/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 rules/regulations.

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.

The Board of Directors recommends the resolution as set out in Item No. 1 for approval of the Members.

All the Whole-Time Directors and Chief Financial Officer were granted options under Tranche-1 and Tranche-2, of which, as on date, certain options are not exercised and hence they and their relatives are deemed to be interested in the resolution at Item No. 1 of the Notice to the extent of the unexercised options held by them.

Other than the above, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No. 2:

As per the approval given by the Shareholders at the Extra-Ordinary General Meeting (EGM) held on January 19, 2010 and thereafter amended at the EGM held on March 2, 2015, the Company can grant stock options under ESOP-2009 to eligible employees of the Company, 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.

The Company has acquired 100% shares of L&T General Insurance Company Limited (LTGI) (now known as HDFC General Insurance Limited) (HGI) from Larsen & Toubro Limited, pursuant to which HGI became a wholly owned subsidiary of the Company.

The Company (Transferor Company) and HGI (Transferee Company) have filed the Scheme of Arrangement for merger of the Company with HGI and the same is being considered by the National Company Law Tribunal (NCLT). NCLT has directed convening of a meeting of the equity shareholders of Transferor Company and Transferee Company on March 29, 2017.

In view of the intended merger, the process of integration of systems, processes and man power is being executed in a planned manner.

As per the approval given by the Shareholders, as aforesaid, options under ESOP-2009 can be granted only to employees of the Company.

With the objective of retaining and motivating the key talented and critical employees of the subsidiary company, it is proposed that Eligible Employees of HGI be also be eligible for grant of stock Options under ESOP-2009.

In terms of the Rule 12 (4) (a) of the Companies (Share Capital and Debentures) Rules, 2014, specific approval of shareholders by way of separate resolution is required for grant of options to the employees of subsidiary company.

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 and its subsidiary 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.

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 and its subsidiary 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 of the Company and its subsidiary company, 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 of the Company and its subsidiary company, 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 of the Company and its subsidiary company, eligible to be granted options under 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, rules, regulations and guidelines issued by any statutory authorities in this regard, the options would be granted and vested by the Board to the Employees of the Company and its subsidiary company 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 and / or subsidiary 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, which can be increased subject to a specific approval of the shareholders.

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 and its subsidiary 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 from the Company or subsidiary company, 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 March 2, 2015. 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 approval of the Shareholders is being sought by way of a special resolution for grant of stock options under ESOP-2009 to eligible employees of the subsidiary company, as may be approved by the Board of Directors.

As per the Scheme of Arrangement, the Transferee Company shall, subject to applicable laws, take into account the period during which the ESOPs under ESOP-2009 were held by the Transferor Company's employees for determination of the minimum vesting period required for options granted under the ESOP-2009. The same provision shall also apply in respect of options, if any granted to and held by Transferee Company's employees under ESOP-2009.

The resolution at Item No. 2 and the terms stated therein as also the terms stated in the explanatory statement hereinabove shall be subject to the rules/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 rules/regulations.



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.

The Board of Directors recommends the resolution as set out in Item No. 2 for approval of the Members.

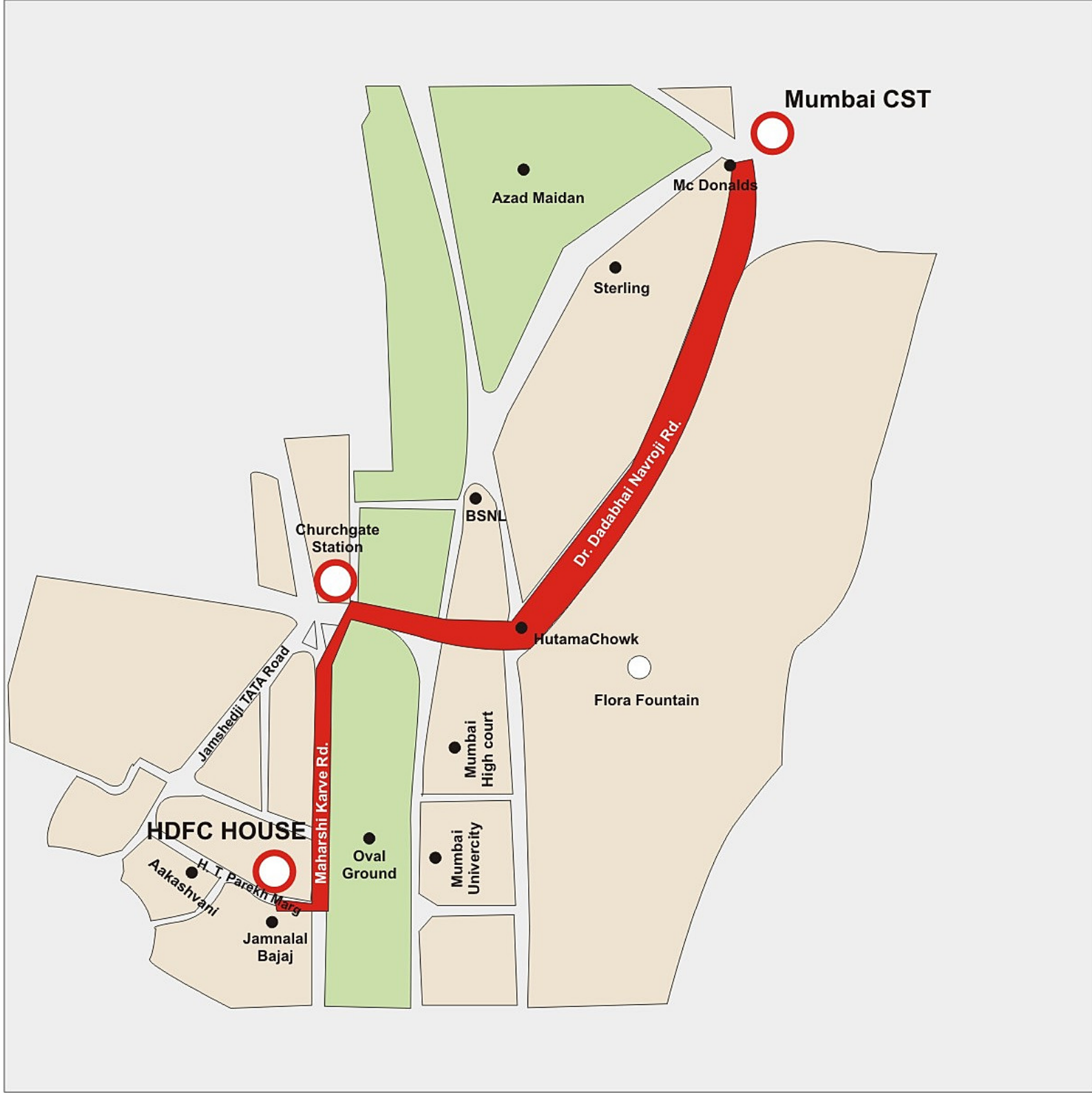
The Whole-Time Directors and KMPs of the subsidiary company and their relatives are deemed to be interested in the resolution at Item No. 2 of the Notice to the extent of stock options that may be granted.

Other than the above, none of the Directors or Key Managerial Personnel of the Company or its subsidiary company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board of Directors

Date: January 25, 2017
Place: Mumbai

Sd/-
Dayananda V. Shetty
Company Secretary and Head – Legal & Compliance
FCS: 4638



Mumbai CST

Azad Maidan

Mc Donalds

Sterling

Churchgate Station

BSNL

Hutama Chowk

Flora Fountain

Mumbai High court

Mumbai University

Oval Ground

HDFC HOUSE

Aakashvani

H.T. Parekh Marg

Jamnalal Bajaj

Jambhedji TATA Road

Maharshi Karve Rd.

Dr. Dadaabhai Navroji Rd.

HDFC ERGO General Insurance Company Limited



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]

Name of the company: HDFC ERGO GENERAL INSURANCE COMPANY LIMITED
CIN: U66010MH2002PLC134869

Registered office: HDFC House, 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 member(s) of shares of the above named company, hereby appoint:

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Extra-Ordinary General Meeting of the Company, to be held on the Friday, February 3, 2017 at 11.00 A.M. at the Registered Office of the Company at a shorter notice and at any adjournment thereof in respect of such resolutions as are indicated below:

Special Business

1.	Variation to Terms of HDFC ERGO Employee Stock Option Plan – 2009 (ESOP-2009) – Increase of Exercise Period
2.	Amendments to HDFC ERGO Employee Stock Option Plan – 2009 (ESOP-2009) – Eligibility of Employees of Subsidiary Company

Signed this day of..... 2017

Signature of Member(s):

Signature of Proxy holder(s):

Affix Revenue Stamp



ATTENDANCE SLIP

(Please hand over at entrance of the Venue)

Extra- Ordinary General Meeting – Friday, February 3, 2017

I / We hereby record my / our presence at the EXTRA-ORDINARY GENERAL MEETING of the Company to be held at the Registered Office of the Company, 'Board Room', HDFC House, 1st Floor, 165–166, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai 400020, on Friday, February 3, 2017 at 11.00 A.M, at a shorter notice.

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 entrance of the venue