

STRICTLY PERSONAL AND CONFIDENTIAL

February 10, 2010

Reference No. : ESOP-09-G-@Tranch_Number/ 1

Shashi Jha
Employee Code: 5230

Sub: Letter of Grant

Dear Shashi Jha,

We wish to inform that the Nomination and Remuneration Committee of Directors of the Company (NRC) has approved the Grant of **1000** stock options representing **1000** equity shares of Rs. 10/- each of the Company to you, at a Grant Price of Rs. **10** per Option under HDFC ERGO Employee Stock Option Plan – 2009 (ESOP 2009) – **TRANCH4**. The Grant Date is **February 10, 2010**

In accordance with the provisions of ESOP-2009, the tax, if any, on the perquisite value of the Options exercised shall be paid by you at the time of Exercise of the Options.

Subject to fulfilling the vesting conditions, Options granted to you on **February 10, 2010**, would vest as follows:

25% granted options would Vest on 10-02-2012
25% granted options would Vest on 10-02-2013
50% granted options would Vest on 10-02-2014

The options granted to you will be subject to the terms and conditions stipulated in ESOP-2009.

A copy of ESOP-2009 and a statement detailing the salient terms and conditions of Grant under **TRANCH4** (Annexure-A) are enclosed herewith. We request you to kindly go through the provisions contained in ESOP-2009 and Annexure-A.

We advise you to keep the contents of this Grant Letter strictly confidential and not to discuss with any colleague or other person.

Thanking You,

For HDFC ERGO General Insurance Company Limited

Nagendra Saikumar

HDFC ERGO General Insurance Company Limited, (Formerly HDFC General Insurance Limited). CIN: U66030MH2007PLC177117.

Registered & Corporate Office: 1st Floor, HDFC House, 165 - 166 Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai - 400 020.

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HDFC ERGO EMPLOYEES STOCK OPTION PLAN – 2009 (ESOP-2009)
GRANT OF OPTIONS ON February 10, 2010 UNDER TRANCHE --TRANCH4
SALIENT TERMS AND CONDITIONS

Sr.No.	Subject	Particulars
1	Grant Date	February 10, 2010
2	Grant Price	Rs. 10 per Option
3	Vesting Conditions	<ol style="list-style-type: none"> 1. Employee has to be on the rolls of the Company / Subsidiary Company on the date of Vesting 2. No violation of the terms of employment/service or policies or procedures or codes of the Company.
4	Vesting Period	<p>Subject to fulfilling pre-vesting conditions, granted Options would vest as follows:</p> <p>25% granted options would Vest on 10-02-2012 25% granted options would Vest on 10-02-2013 50% granted options would Vest on 10-02-2014</p>
5	Exercise Period	5 (Five) years from the date of respective vesting
6	Exercise Window	Specified period(s) determined by NRC from time to time, during which the Options vested could be exercised and the same shall occur at least once in a financial year. The intimation about the exercise window would be duly communicated.
7	Perquisite Tax	Applicable tax on Options granted and exercised would have to be fully borne by the Eligible Employees as per the prevalent tax laws. As per the provisions of Income Tax Act 1961, as applicable as on the date of grant, tax on perquisite value of the Options exercised will be borne by the Eligible Employees. Perquisite value per Option is the difference between the Fair Market Value (FMV) of the share as determined by a Category-I Merchant Banker and the exercise price.
8	Voting Rights	In respect of Shares allotted pursuant to exercise of Options before the listing of Shares on any recognized stock exchange in India, voting rights would be exercised by HDFC and / or ERGO International AG. In this regard, Option Grantees need to submit a Power of Attorney, as per format prescribed at Annexure -1, while accepting the Letter of Grant
9	Restriction on transfer of Shares	<p>In case of any Eligible Employee ceasing to be in employment / service of the Company and / or Subsidiary Company, as the case may be, prior to listing of Shares on a recognized stock exchange in India, all Shares held by such employee as on the date of submission of letter of resignation and that may be allotted upon exercise thereafter, if any, are required to be sold to HDFC and / or ERGO at a price to be determined by an independent valuer as prescribed under ESOP-2009, within 15 days of the date of resignation becoming effective. The decision of the NRC in this regard shall be final and binding.</p> <p>In this regard, Option Grantee need to submit an undertaking to abide by the provisions of ESOP – 2009, as per format prescribed at Annexure -2, while accepting the Letter of Grant.</p>
10	Confidentiality	Employees shall keep the details of the Options Granted to them strictly confidential and shall not share / disclose the said details with / to any other Employee / or any third party. In case of non-adherence, NRC will have the authority to withdraw the Options Granted and / or to deal with such cases as it may deem fit in its absolute discretion.

11	Statement of Risks	<p>All investments in Shares or options on shares are subject to risk as the value of shares may go down or go up. In addition, Options are subject to the following additional risks:</p> <p>Concentration: The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.</p> <p>Leverage: Any change in the value of the share can lead to a significantly larger change in the value of the Option as an option amounts to a levered position in the share.</p> <p>Illiquidity: The Options cannot be transferred to anybody, and therefore the Employees cannot mitigate their risks by selling the whole or part of the Options so granted to the employees before they are exercised. Further, since the Company's shares are not listed, even shares allotted pursuant to exercise cannot be sold freely. In terms of ESOP-2009, till the shares of the Company are not listed on any recognized stock exchanges, in case any employee wishes to sell the shares, he is required to sell the same to the promoter Shareholders, in accordance with the provisions of ESOP -2009.</p> <p>Vesting: The Options will lapse if the employment is terminated prior to Vesting. Even after the Options are vested, the unexercised Options may be forfeited if the employee is terminated for gross misconduct.</p>
12	Others	For detailed features, terms and conditions of Options granted, please refer to ESOP-2009. Capitalized terms used herein, shall have the same meaning as set out in HDFC ERGO Employee Stock Options Plan 2009.