

NOTICE

To all the Members of the Company

Notice is hereby given that the 14th Extra Ordinary General Meeting (EGM) of the Members of **Magma HDI General Insurance Company Limited** (“the Company”) will be held at shorter notice on **Monday, March 14, 2022 at 3.00 P.M.** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) in accordance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular No. 14/2020 dated 8 April, 2020, General Circular No. 17/2020 dated 13 April, 2020, General Circular No. 22/2020 dated 15 June, 2020, General Circular No. 33/2020 dated 28 September, 2020 General Circular No. 39/2020 dated 31 December 2020, General Circular No. 02/2021 dated January 13, 2021 and General Circular No. 20/2021 dated December 8, 2021 respectively to transact the following businesses:

SPECIAL BUSINESS (ES)

1. Increase in the Authorized Share Capital and alteration in the Memorandum of Association of the Company

To consider and, if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 13, 61, 64 and all other applicable provisions, if any of the Companies Act, 2013 read with the rules framed thereunder (including any statutory amendment(s) thereto and all modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company, consent of the Shareholders of the Company be and is hereby accorded to increase the Authorized Share Capital of the Company from Rs. 200,00,00,000 (Rupees Two Hundred Crores Only) divided into 20,00,00,000 (Twenty Crore Only) equity shares of Rs.10/- (Rupees Ten Only) each to Rs. 250,00,00,000 (Rupees Two Hundred and Fifty Crore only) divided into 25,00,00,000 (Twenty-Five Crore) equity shares of Rs.10/- (Rupees Ten only) each.

RESOLVED FURTHER THAT the existing Clause V.A of the Memorandum of Association of the Company be replaced by the following clause:

“The Authorised Share Capital of the Company is Rs. 250,00,00,000 (Rupees Two Hundred and Fifty Crore only) divided into 25,00,00,000 (Twenty-Five Crore) equity shares of Rs.10/- (Rupees Ten only) each.”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, any of the Directors, Chief Financial Officer and Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things necessary or expedient in this regard including but not limited to the filing with the Registrar of Companies, West-Bengal and such other authorities as may be required from time to time.”

2. Approval of amendment in Magma HDI General Insurance Company Limited - Employee Stock Option Plan 2018 (“MHDI ESOP 2018”/ “Plan”)

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 earlier resolutions passed at the meetings held on April 17, 2018 and January 24, 2020 by the Shareholders of the Company and pursuant to Section 62(1)(b) read with Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014), the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021 as amended from time to time (hereinafter “SEBI SBES Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and all other applicable provisions of the Companies Act, 2013 (“the Act”), and based on the recommendations of the Nomination and Remuneration Committee, the consent of the Shareholders be and is hereby accorded to the amendment in the Magma HDI General Insurance Company Limited - Employee Stock Option Plan 2018 (MHDI ESOP 2018/Plan);

RESOLVED FURTHER THAT for the purpose of giving effect to the amendment in the Plan, the Board (which term shall be deemed to include any Committee authorized by the Board, hereinafter referred to as ‘the Committee’) be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

NOTES:

1. Consent has been received from all the shareholders of the Company to convene the meeting at a shorter notice.
2. In view of the current extraordinary circumstances due to Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”), has vide its circular dated 8 April, 2020 read with circulars dated 13 April, 2020, 15 June 2020, 28 September, 2020, 31 December 2020, 13 January 2021 and 8 December, 2021 (collectively referred to as “MCA Circulars”), permitted the Companies to conduct their Extra Ordinary General Meeting through Video Conferencing (VC) or other audio visual means (OAVM), without the physical presence of the Members at a common venue, subject to the fulfilment of conditions as specified in the MCA Circulars. In compliance with the provisions of the Companies Act, 2013 (“the Act”) and MCA Circulars, the EGM of the Company is being held through VC / OAVM.
3. The Statement pursuant to Section 102 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, with respect to Special Business set out in the Notice is annexed hereto and forms part of the notice.
4. In compliance with the aforesaid MCA Circulars the notice for EGM shall be given only through emails registered with the Company or with the depository participant / depository. Members may note that the Notice will also be available on the Company’s website at www.magmahdi.com
5. The Members can attend the meeting through VC from their laptop/mobile. Members are requested to follow the steps mentioned in the file named ‘**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM THROUGH VC**’ which is enclosed with the Notice of the EGM and shall also be attached separately on the e-mail, with the Notice of the EGM.
6. The Company shall provide VC facility via **ZOOM VIDEO COMMUNICATIONS (“Zoom”)** in order to make it convenient for the Members to attend the Meeting. Members are required to use the following link or details to join the meeting through VC facility of Zoom:

Zoom Meeting Link	https://zoom.us/j/92699751922?pwd=bkR3Y1JVMVFpNGpSZUJmMGxOKzBJQT09
Meeting ID	926 9975 1922
Password	914389

7. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this EGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available

for the EGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

8. Corporate Members are requested to send a duly certified scanned copy (PDF/JPG Format) of the Board Resolution/Power of Attorney authorizing their representative(s) pursuant to Section 113 of the Companies Act, 2013 to attend and vote on their behalf at the EGM through email to companysecretary@magma-hdi.co.in.
9. The members desiring to inspect the relevant documents referred to in the accompanying notice and other statutory registers are required to send requests through email to companysecretary@magma-hdi.co.in. An extract of such documents would be sent to the members on their registered email address. The same will also be made available for inspection by the members at the Meeting in electronic mode.
10. Members seeking any information with regard to the matters to be placed at the EGM, are required to send requests through email to companysecretary@magma-hdi.co.in. The same shall be taken up in EGM and replied by the Company suitably.
11. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 read with Rules issued thereunder will be made available for inspection by the members at the Meeting in electronic mode.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the EGM.
13. Members attending the EGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
14. Since the EGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

Place: Mumbai
Dated: 4 March, 2022

Registered Office:
Development House
24, Park Street,
Kolkata – 700 016

By order of the Board of Directors
For **Magma HDI General Insurance Company Limited**

Sd/-
Rajive Kumaraswami
Managing Director and Chief Executive Officer
DIN: 07501971

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.1

For maintaining the solvency margin of the Company as stipulated by Insurance Regulatory & Development Authority (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016 and subsequent circulars and orders and for the future expansion of the business of the Company it is required to infuse funds in the Company from time to time. In order to issue further shares to the shareholders, the Company must have sufficient authorized share capital. In view of the above, the Board of Directors of the Company (**Board**), *vide* its resolution dated 28 February, 2022 has proposed to increase the authorised share capital of the Company.

The current Authorised capital of the Company is Rs. 200,00,00,000 (Rupees Two Hundred Crore only) divided into 20,00,00,000 (Twenty Crore) equity shares of Rs.10/- (Rupees Ten only) each and current Paid up capital is Rs. 154,70,72,500 (Rupees One Hundred and Fifty Four Crore Seventy Lacs Seventy Two Thousand Five Hundred only) divided into 15,47,07,250 (Fifteen Crore Forty Seven Lacs and Seven Thousand Two Hundred and Fifty) equity shares of Rs.10/- (Rupees Ten only) each.

It is being proposed to increase the current Authorised Capital of the Company from Rs. 200,00,00,000 (Rupees Two Hundred Crore only) divided into 20,00,00,000 (Twenty Crore) equity shares of Rs.10/- (Rupees Ten only) each to Rs. 250,00,00,000 (Rupees Two Hundred and Fifty Crore only) divided into 25,00,00,000 (Twenty-Five Crore) equity shares of Rs.10/- (Rupees Ten only) each.

Pursuant to the provisions of Section 13, 61 and 64 of the Companies Act, 2013 (“the Act”), the shareholders of the Company are requested to accord their consent to the proposed increase in the authorised share capital.

In order to reflect the increase in the authorised share capital of the Company, and in order to confirm to the requirements of the Act, Clause V.A of the Memorandum of Association of the Company is required to be amended.

The amended Clause V.A is given herewith for the consideration of the members:

“The Authorised Share Capital of the Company is Rs. 250,00,00,000 (Rupees Two Hundred and Fifty Crore only) divided into 25,00,00,000 (Twenty-Five Crore) equity shares of Rs.10/- (Rupees Ten only) each.”

A copy of the said altered MOA is available for inspection in electronic mode by shareholders at the meeting.

Your Directors recommend the Resolution proposed at Item No. 1 of this Notice for your approval.

None of the Directors and Key Managerial Personnel of the Company including their relatives are in any way concerned or interested, financial or otherwise, in the said Resolution.

Item No.2

The shareholders of the Company at their meeting held on April 17, 2018, approved the Magma HDI General Insurance Company Limited - Employee Stock Option Plan 2018 (“MHDI ESOP 2018”/ “Plan”) for transfer of 45,00,000 (Forty Five Lacs only) Employee Stock Options each of which would upon exercise be converted into one Equity Share of Rs. 10/- each of the Company (the “Equity Shares”). The Plan was further modified by the shareholders of the Company at their meeting held on January 24, 2020 to allow the Company to issue fresh equity shares upon exercise of options along with the earlier option of purchase of shares by Trust from the principal shareholders.

Further, presently the formula used for calculation of Fair Market Value (FMV) under the Magma HDI General Insurance Company Limited - Employee Stock Option Plan 2018 (“MHDI ESOP 2018”/ “Plan”) is Weighted Average of Discounted Free Cash Flow Method (DCF) and Comparable Companies Multiple Method (CCM) based on Enterprise Value/EBIDT multiple of Comparable Listed Companies.

Further, presently for calculating CCM value under the Plan, median price to book value of the three listed companies in the GI/RI space i.e. ICICI Lombard, GIC Re and New India Assurance is considered. The median price to book value of these companies is highly volatile and has come down from 3.86 (Grant -1) as per December 2017 market data to 0.94 as per January 2021 market data. In both these reference numbers, the median price to book value Company was New India Assurance.

Further, as per the practice, at the time of exercise of Options by the employee the perquisite tax is charged on the FMV based on DCF method only and this results in inconsistency in FMV at the time of exercise and at the time of surrender of shares.

Accordingly, it is proposed to change the principles and formula for determination of FMV in the Plan from Weighted Average of DCF and CCM to DCF Method only, with effect from October 21, 2021. The same shall also be approved by the existing option-holders before the same is put into effect.

The members are requested to note that ESOP Grant 3 & 4 had been granted basis the Discounted Cash Flow method only. Also, no discount is being proposed for lack of control and the approach is needed to be aligned with the recent capital raise.

It is further informed that DCF valuation would be used (subject to floor price of capital raise, if applicable) with no discount for minority interest and the definition of FMV for liquidity events would also be changed to DCF valuation only. This would ensure that the principle of fairness and transparency to option holders is maintained.

In accordance with the requirements of the Companies Rules and Regulations, the information pertaining to the Plan is furnished below:

Item	Particulars
Total No. of Stock Options to be granted	45,00,000 (Forty Five Lacs only)
Equivalent Equity Shares to be granted	45,00,000 (Forty Five Lacs only)
Identification of classes of employees entitled to participate in the Plan	Such person(s) who are in employment of the Company, and satisfy the definition of 'employee' under Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014 or any such group of employee(s), above a particular level, as per internal ranking procedure of the Company, in accordance with the Plan, including employee directors of the Company, viz., whole-time directors etc. (hereinafter "employees/employee directors").
Requirements of vesting and period of Vesting of the Employee Stock Options may commence after the vesting and maximum period	Vesting of the Employee Stock Options may commence after the expiry of a minimum period of 12 months from the date on which the options were granted, and may extend up to such time as may be decided at the discretion of the Committee/Trust from the date of grant. The vesting may occur in tranches and shall be subject to such terms and conditions of vesting, as may be stipulated by the Committee/Trust, in its discretion.
Exercise Price or pricing formula	The Exercise Price of the Stock Options shall be linked to the fair market value of equity shares of the Company at the time of grant of the Stock Option, as determined under the Plan or determined by the Committee.
Exercise Period and Process of Exercise	<p>Exercise Period shall be the time period after vesting within which the Employees/Employee Directors should exercise his right to apply for the Equity Shares against the Employee Stock Options vested in them pursuant to the Plan. The Exercise Period shall be decided by the Committee/Trust and will not be more than 4 (four) years from the date of vesting or 5 (five years) from the Plan being effective, whichever is later.</p> <p>The Stock Options will be exercisable by the Employees/ Employee Directors by a written or electronic notice to the Company and payment of exercise price to exercise the Employee Stock Options, in such manner, as</p>

Item	Particulars
	may be prescribed by the Committee/Trust, in its discretion.
The Lock in period, if any	NA
Method of valuing the Stock Options	Discounted Free Cash Flow Method
Appraisal process for determining the eligibility of the employees to the Plan	The Committee/Trust shall, based upon the performance and/or merit of the Employees/Employee Directors, as per vesting criteria laid down by the Committee/Trust from time to time, in its sole and exclusive discretion, considering the period of service/directorship put in/served by them, their designation and grade, their present and potential contribution to the success of the Company and other appropriate criteria, determine the eligibility of the Employees/Employee Directors to the Plan.
Maximum period within which the options shall be vested	4 years
Maximum number of Stock Options to be issued per employee and in aggregate	The Committee/Trust may from time to time grant Employee Stock Options to one or more Employees/Employee Directors, subject to maximum number of Employee Stock Options granted to an Employee/Employee Director shall not exceed 1% of the paid-up equity share capital of the Company during the tenure of the MHDH ESOP Plan 2018. The aggregate number of Employee Stock Options that may be granted under the Plan shall not exceed 45,00,000 (Forty Five Lacs only)
Conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct	Termination of employment of the employee; In case of death or Permanent Disability of the employee, the same shall be transferred to its Nominee; and such other events as mentioned in the Plan
Specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee	All the Unvested Options, shall lapse on the last working day of the Option Holder with the Company. However, the Option Holder shall be eligible to Exercise all the Vested Options within 30 days from the last working day of employment or within such extended period as the Trustees may provide at its sole discretion.

The Company shall conform and comply with the accounting policies and disclosure requirements prescribed from time to time under Regulation 15 of the SEBI SBES Regulations.

A copy of the said Modified Plan is available for inspection in electronic mode by shareholders at the meeting.

Your Directors recommend the Resolution proposed at Item No. 2 of this Notice for your approval.

None of the Directors and Key Managerial Personnel of the Company including their relatives are in any way concerned or interested, financial or otherwise, in the said Resolution except to the extent of ESOP granted to them.

Place: Mumbai

Dated: 4 March, 2022

Registered Office:
Development House
24, Park Street,
Kolkata – 700 016

By order of the Board of Directors
For **Magma HDI General Insurance Company Limited**

Sd/-
Rajive Kumaraswami
Managing Director and Chief Executive Officer
DIN: 07501971

Instructions for participating in the 14th Extra Ordinary General Meeting of the Members of Magma HDI General Insurance Company Limited, to be held at shorter notice on 14 March, 2022, at 3.00 P.M. through Video Conference, by using Zoom Meeting Application.

Instructions for participating the aforesaid EGM through Video Conference:

Step 1

Download the Zoom Meeting Application in your Mobile or Laptop. You may use this link to download the application [<https://zoom.us/>].

Step 2

Click on “Sign up”

Step 3

For verification, please enter your “Date of Birth”

Step 4

Please enter “Your email”, “First Name” and “Last Name” and click on “I agree to the Terms of Service”

Step 5

Now go to your registered email provided, check Inbox for the registration email and click on the “Activate Account”

Step 6

Go to your Zoom Application, click on the “Join” and enter the Meeting Id and password and now click on the “Join Meeting” Tab and ensure that you have proper internet facility through Mobile phone or Wifi connected to your device.

Other instructions:

1. Please note that, if you have already downloaded /using Zoom Application, then you need not to do the aforesaid activities and you have to just enter the Zoom Meeting Id and Password, as provided in this Notice.
2. You can sign-in/join the meeting before 15 minutes on the meeting day for timely participation in the EGM through video conference. Further, any member may join the meeting within 15 minutes from the commencement of the meeting.
3. Please listen and participate in the discussion carefully.
4. Please **Propose and Second any of the Resolution by raising your hand/ Show of hands and by saying “I Propose the Resolution” or “I Second the Resolution” whenever it is asked in the EGM.**
5. The members attending the EGM through VC will be required to send their assent or dissent through their registered email-id at companysecretary@magma-hdi.co.in.
6. Please click on the “Mute” tab, when there is any disturbance or noise around you or not talking.
7. *Please ensure that, no other person is sitting with you /participating in the aforesaid Meeting through Video Conference.*

8. Please click on “Unmute” tab when you want to say something.
 9. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
 10. In case of multiple votes on the same resolution, the first one shall be counted for the purpose of counting Votes.
 11. In case of any assistance before or during the video conference as aforesaid, you can contact the official in secretarial team at companysecretary@magma-hdi.co.in.
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