

NOTICE

Notice is hereby given that the 18th Extra-ordinary General Meeting (“EGM”) of the Shareholders of Avanse Financial Services Limited will be held at a shorter notice on Wednesday, February 5, 2020 at 10:00 a.m. at the Registered Office of the Company located at 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400 099 to transact the following business:

SPECIAL BUSINESS:

- 1) To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

Approval of Employee Stock Option Plan of the Company

“**RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013 (“the Act”), read with the Companies (Share Capital and Debentures) Rules, 2014 (“the Rules”) made thereunder (including any amendment, modification, variation or re-enactment thereof), the Memorandum and Articles of Association of the Company and subject to such other rules, regulations and guidelines as may be applicable from time to time and subject to the approval(s), consent(s), permission(s) and / or sanction(s) as may be required from appropriate regulatory authorities / institutions or bodies and subject to such terms and conditions as may be prescribed / imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include the Nomination Remuneration and Compensation Committee or any other Committee of the Company constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution), consent of the shareholders of the Company be and is hereby accorded to introduce and implement “Avanse Financial Services Limited Employee Stock Option Plan – 2019” (“ESOP - 2019”) scheme and to create, grant, issue, offer and allot to the present and / or future permanent employees of the Company, upto 48,26,799 (Forty Eight Lakhs Twenty Six Thousand Seven Hundred and Ninety Nine Only) stock options convertible into equal number of equity shares of the Company of face value ₹ 10/- each under the ESOP - 2019 at such price and on such terms and conditions and in such tranches as the Board of the Company may deem fit and in compliance with the provisions of the Act and the Rules and other applicable laws and ESOP - 2019.

RESOLVED FURTHER THAT the Board be and is hereby authorized to devise, formulate, evolve, decide upon and bring into effect ESOP - 2019 scheme on such terms and conditions as contained in explanatory statement to this item in the notice and to modify, alter, vary, revise or amend the said terms or suspend, withdraw, revise or terminate ESOP – 2019 scheme, subject to compliance with the Act, Rules and other applicable laws, as amended from time to time.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, or any other re-organization of capital structure of the Company, as the case may be, the number of Stock Options and/or the shares to be allotted upon exercise of Stock Options shall be reasonably adjusted in accordance with the provisions of the ESOP – 2019 scheme and in case of sub-division or consolidation of shares then the number of shares and the exercise price shall automatically stand augmented or reduced, as the case may be, after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted Stock Options under the ESOP – 2019 Scheme.

RESOLVED FURTHER THAT the Company shall confirm to the accounting policies prescribed from time to time to the extent relevant and applicable to ESOP – 2019 scheme.

RESOLVED FURTHER THAT the equity shares to be issued as stated aforesaid shall rank pari-passu with all the existing equity shares of the Company for all purposes.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to the appointment of various intermediaries, experts, professionals, independent agencies and other advisors, valuers, consultants or representatives, being incidental to the effective implementation and administration of the ESOP – 2019 Scheme, as it may, in its absolute discretion deem fit, for the aforesaid purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage and all the acts, deeds, matters and things done by the Board are hereby ratified, confirmed and approved, without being required to seek any further consent or approval of the shareholders of the Company, and further to execute all such agreements, deeds, documents, writings etc. and to give such directions and / or instructions as may be necessary, proper or expedient to give effect to ESOP 2019 scheme including any modification, alteration, amendment, suspension, withdrawal or termination of ESOP – 2019 Scheme and to take all such steps and do all such acts, deeds, things as may be incidental or ancillary thereto in compliance with the applicable laws.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary including authority to delegate all or any of the powers conferred herein, to any Committee of the Company, with power to such Committee to further delegate such powers to any executives / officers of the Company to give effect to this resolution.”

- 2) To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

Approval for Grant of Options exceeding 1% of the issued share capital of the Company

“**RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions of the Companies Act, 2013 (“the Act”), read with the Companies (Share Capital and Debentures) Rules, 2014 (“the Rules”) made thereunder (including any amendment, modification, variation or re-enactment thereof), the Memorandum and Articles of Association of the Company and subject to such other rules, regulations and guidelines as may be applicable from time to time and subject to the approval(s), consent(s), permission(s) and / or sanction(s) as may be required from appropriate regulatory authorities / institutions or bodies and subject to such terms and conditions as may be prescribed / imposed by such authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board", which term shall be deemed to include the Nomination Remuneration and Compensation Committee or any other Committee of the Company constituted / to be constituted by the Board to exercise its powers including the powers conferred by this resolution), consent of the shareholders of the Company be and is hereby accorded to grant 1961284 stock options to Mr. Amit Ganda, Chief Executive Officer of the Company, exceeding 1% of the issued capital of the Company, convertible into equal number of equity shares of the Company of face value ₹ 10/- each under the “Avanse Financial Services Limited Employee Stock Option Plan – 2019” (“ESOP - 2019”) at such price and on such terms and conditions as the Board of the Company may deem fit and in compliance with the provisions of the Act and the Rules and other applicable laws and ESOP - 2019.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary including authority to delegate all or any of the powers conferred herein to any Committee of the Company with power to such Committee to further delegate such powers to any executives / officers of the Company to give effect to this resolution and all the acts, deeds, matters and things done by the Board are hereby ratified, confirmed and approved, without being required to seek any further consent or approval of the shareholders of the Company.”

By Order of the Board of Directors
For **Avanse Financial Services Limited**

Rakesh Dhanuka
Company Secretary

Registered Office:
001 & 002 Fulcrum,
A Wing, Ground Floor,
Sahar Road, Next to Hyatt Regency,
Andheri (East), Mumbai – 400 099
CIN No.: U67120MH1992PLC068060
Email: investorrelations@avanse.com
Website: www.avanse.com
Tel. No.: 022 6859 9999 Fax No.: 022 6859 9900

Date : 28.01.2020

Place: Mumbai

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. Corporate Members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing such representative to attend and vote on their behalf at the meeting.
3. All the relevant documents referred in this Notice shall remain open for inspection by the Members of the Company at the Registered Office from 10:00 AM to 4:00 PM on all working days (except Saturday) upto the date of this Extra-ordinary General Meeting.
4. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Agenda Item No. 1

As the shareholders are aware, stock options have long been recognized as an effective instrument to attract and retain the key critical talent in an increasingly competitive environment. This ESOP scheme will help to align the senior stakeholders to drive the Company Vision and a high performance culture by being the shareholders and having an opportunity to maximize wealth creation.

With the above objective and based on the recommendation of the Nomination Remuneration and Compensation Committee of the Company and subject to approval of the Shareholders of the Company, the Board of Directors of the Company pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the Companies (Share Capital and Debenture) Rules, 2014 and other applicable laws, at their meeting held on January 28, 2020 approved introduction and implementation of ‘Avanse Financial Services Limited Employee Stock Option Plan 2019’ (“ESOP - 2019”) scheme. The ESOP scheme has been formulated in accordance with the applicable laws.

The ESOP Scheme will be implemented directly and administered by the Nomination Remuneration and Compensation (“NRC”) Committee of the Company.

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| 1 | Total number of stock options to be granted | Total stock options upto 48,26,799 convertible into equal number of equity shares of the face value ₹ 10/- each fully paid-up subject to any corporate action. |
| 2 | Identification of classes of employees entitled to participate in ESOP 2019 | Permanent Employees of the Company as may be determined by the NRC Committee at its sole discretion from time to time. |
| 3 | Appraisal process for determining the eligibility of employees | As may be deemed fit by the NRC Committee from time to time in accordance with the ESOP 2019. |
| 4 | Requirements of vesting and period of vesting. | Subject to conditions mentioned in the ESOP 2019 scheme provided that there has to be a minimum period of one year between the grant of options and vesting of options. |
| 5 | Maximum period within which the options shall be vested | In accordance with the ESOP 2019. |
| 6 | Exercise price or the formula for arriving at the same | As determined by the NRC Committee in accordance with ESOP 2019. |
| 7 | Exercise Period and process of exercise | As stated in ESOP 2019. |
| 8 | Lock-in Period, if any | As stated in ESOP 2019. |
| 9 | Maximum number of options to be granted per employee and in aggregate | As stated in ESOP 2019. |
| 10 | Method which the company shall use to value its options | As stated in ESOP 2019. |
| 11 | Conditions under which option vested in employees may lapse | As stated in ESOP 2019. |
| 12 | Specified time period within which the employee shall exercise the vested options in the event of a proposed | As stated in ESOP 2019. |

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| | termination of employment or resignation of employee | |
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Pursuant to Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with the Companies (Share Capital and Debentures) Rules, 2014 (“the Rules”) approval of the shareholders by way of special resolution is required for issue of employee stock options to the employees of the Company.

The Board recommends the resolution set out in item no. 1 of this notice for the approval of the Shareholders of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the resolution except to the extent of their shareholding, if any.

Agenda Item No. 2

Considering the scale of business of the Company and the responsibilities, contribution and on-going efforts of Mr. Amit Gainda, Chief Executive Officer of the Company, the Board based on the recommendation of the Nomination Remuneration and Compensation Committee of the Company in their meeting held on January 28, 2020, has approved subject to approval of the shareholders, the grant of 1961284 stock options exceeding 1% of the current issued share capital of the Company to Mr. Amit Gainda.

The Board recommends the resolution set out in item no. 2 of this notice for the approval of the Shareholders of the Company.

Except Mr. Amit Gainda, Chief Executive Officer of the Company and his relatives, none of the Directors, other Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the resolution except to the extent of their shareholding, if any.

By Order of the Board of Directors
For **Avanse Financial Services Limited**

Rakesh Dhanuka
Company Secretary

Registered Office:

001 & 002 Fulcrum, A Wing, Ground Floor,
Sahar Road, Next to Hyatt Regency,
Andheri (East), Mumbai – 400 099
CIN No.: U67120MH1992PLC068060
Email: investorrelations@avanse.com Website: www.avanse.com
Tel. No.: 022 6859 9999 Fax No.: 022 6859 9900

Date: 28.01.2020

Place: Mumbai

AVANSE FINANCIAL SERVICES LIMITED

CIN No. U67120MH1992PLC068060

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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 Member(s): _____

Registered Address: _____

Email Id: _____

Folio No. / Client Id: _____ DP Id: _____

I/We, being the member(s) of Avanse Financial Services Ltd holding _____ equity shares, hereby appoint;

1) Name: _____ Address: _____

Email Id: _____ Signature: _____

or failing him

2) 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 18th Extra-ordinary General Meeting of the Company to be held on Wednesday, February 5, 2020 at 10:00 a.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolution as indicated below:

| Sr. No. | Resolution |
|---------|---|
| 1 | To consider and approve Employee Stock Option Plan of the Company |

Signed this ____ day of _____, 2020

Affix
Rs 1/-
Revenue
Stamp

Signature of Shareholder

Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting

AVANSE FINANCIAL SERVICES LIMITED

CIN No. U67120MH1992PLC068060

Registered Office: 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency,
Andheri (East), Mumbai – 400 099

Website: www.avanse.com Email: investorrelations@avanse.com Tel: 022 6859 9999 Fax No.: 022 6859 9900

Attendance Slip

I hereby record my presence at the 18th Extra-ordinary General Meeting of the Company held on Wednesday, February 5, 2020 at 10:00 a.m. at the Registered Office of the Company at 001 & 002 Fulcrum, A Wing, Ground Floor, Sahar Road, Next to Hyatt Regency, Andheri (East), Mumbai – 400 099.

Full name of the Member (in BLOCK LETTERS) _____

Full name of the Proxy (in BLOCK LETTERS) _____

Folio No./ DP Id & Client Id: _____

Member's/ Proxy's Signature _____

ROUTE MAP OF THE VENUE OF THE MEETING

