

JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025

Tel No.: +91 22 6630 3030 • Fax : +91 22 6630 3223 • Website : www.imfinancialarc.com • Email ID : vineet.singh@jmfl.com

CIN: U67190MH2007PLC174287

NOTICE

NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL MEETING OF THE MEMBERS OF JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED (THE COMPANY) WILL BE HELD ON THURSDAY, APRIL 30, 2020 AT 2.00 P.M. THROUGH VIDEO CONFERENCE TO TRANSACT THE FOLLOWING BUSINESS:

SPECIAL BUSINESS:**1. Employee Stock Option Scheme**

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

“**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with the Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 (“the Rules”) made thereunder (including any amendment, modification, variation or re-enactment thereof for the time being in force) 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, the consent of the Company be and is hereby accorded to the Board (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee including Nomination and Remuneration Committee duly constituted by the Board to exercise its powers conferred by this Resolution) to create, grant, issue, offer and allot to the present and/or future employees and/or directors (except independent directors) of the Company, upto 1,00,00,000 (One Crore) stock options convertible into equal number of equity shares of the Company of the aggregate nominal face value of ₹ 10,00,00,000/- (Rupees Ten Crore only) under a scheme called the “Employees Stock Option Scheme” for such price and on such terms and in such tranches as the Board may deem fit and in compliance with the provisions of the Act and the Rules.”

“**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** for the purpose of giving effect to this Resolution, the Board be and is hereby severally authorised on behalf of the Company to do all such acts, deeds, matters and things including but not limited to framing rules relating to grant / exercise of stock options and to settle any 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.”

By Order of the Board

Sd/-

Vineet Singh

Company Secretary

Date: March 11, 2020

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025

CIN: U67190MH2007PLC174287

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE VALID MUST BE DULY FILLED IN ALL RESPECTS AND SHOULD BE EMAILED TO THE COMPANY SECRETARY OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

1. The relevant Statement pursuant to Section 102 of the Companies Act, 2013, is annexed and forms part of the Notice.
2. A person can act as proxy on behalf of Members holding in aggregate not more than ten percent of the total issued and paid up share capital of the Company. A Member holding more than ten percent of the total paid up share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.
3. Bodies Corporate, who are Members of the Company, are requested to send a certified copy of the board resolution authorising their representatives to attend and vote at the Meeting.
4. During the period beginning 24 hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours.
5. Any document in connection with any of the businesses to be transacted at the Meeting is available with for inspection. Any member interested may write to the Company Secretary and the same will be furnished on request.
6. On account of the threat posed by Covid – 19 and General Circular No. 14/ 2020 dated April 8, 2020, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013” issued by the Ministry of Corporate Affairs, it has been decided to hold this meeting via video conference through Microsoft Teams application.
7. This Notice is being sent by e-mail, only to Eligible Members who have registered their e-mail ID with the Company, the Depositories or with the depository participant. A copy of this Notice will also be available on the website of the Company (www.jmfinancialarc.com).

Annexure to Notice

STATEMENT TO BE ANNEXED TO NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 1

The commitment, whole hearted support and team work of employees have been main growth drivers of the performance of the Company. The Board, on recommendation of the management and Nomination and Remuneration Committee (NRC/Committee), has decided to issue equity stock options aggregating 1,00,00,000 (One Crore) in number to the employees and/or directors (except independent directors) of the Company to reward them for their sincerity, dedication and hard work, The stock options would be given to the employees and/or directors (except independent directors) of the Company, through the implementation of “Employees’ Stock Option Scheme”.

The reward process as above through grant of stock options will help the Company to incentivise, retain and motivate the best talents in the increasingly competitive business environment.

The manner of issuance of stock options would be governed by Section 62(1)(b) of the Companies Act, 2013 (the Act) read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, (the Rules) as amended from time to time.

The Scheme shall be administered by the NRC from time to time, which would, inter alia, include the grant of stock options to the employees and/or directors in one or more tranches, on such terms as it may deem fit in its absolute discretion and in compliance with the applicable provisions of the Act and the Rules.

The details pursuant to Rule 12(2) of the Companies (Share Capital and Debentures) Rules, 2014 are as under:

A. Total number of Stock Options to be granted:

The total number of Stock Options that may, in the aggregate, be granted shall not exceed 1,00,00,000 (One Crore). On exercise of an option, 1 (One) equity share of the face value of Rs. 10/- each (Rupees Ten only) of the Company shall be issued to the employees.

B. Identification of classes of employees entitled to participate in the Scheme:

All employees as defined under the Scheme shall be eligible for the grant of the Options.

C. Determining the eligibility of employees to the Scheme:

While granting the Options, factors such as the grade, performance, merit, future potential contribution, conduct of the employee and such other appropriate relevant factors shall be taken into consideration.

D. Requirements of vesting, period of vesting and maximum period within which the Options shall be vested:

There shall be a minimum period of 2 (Two) years between the grant of Options and vesting of the Options. The vesting shall happen in 3 (Three) stages equally over a period of 3 (Three) years from the date of vesting of Options and/or as may be decided by the NRC. The vested options must be exercised within a maximum period of 3 (Three) years from the date of vesting of Options.

E. Exercise price or the formula for arriving at the same:

The exercise price for the purposes of the grant of Options will be decided by the NRC at the time of grant of Options. The exercise price shall be calculated on the basis of book/fair value of the Company's equity shares prior to the date of grant of the Options, which for this purpose shall be the date on which the NRC meets to make its recommendations for grant of Options. The NRC may prescribe a discount at which the Options may be granted.

F. Exercise period and the process of exercise:

The Exercise period shall commence from the date of vesting of Options. The Options vested in the employees must be exercised by them within 3 (Three) years from the respective date(s) of vesting. The process of exercise shall be as stated in the Scheme.

G. Lock-in, if any:

Once the Options are vested, they can be exercised immediately and the resultant equity shares would not be subject to any further lock-in.

H. Maximum number of Options to be issued per employee and in the aggregate:

No employee, shall be granted options during any one year, under this Scheme entitling him/her to equity shares in the Company which would represent equal to or more than 1% (One percent) of the paid-up share capital of the Company as on the date of grant of options.

I. Method for valuation of Options:

The Company will value the options using the Black Scholes Options Pricing model or other equivalent model as may be required under applicable accounting standards.

J. Conditions under which Option vested in employee may lapse:

The Stock Options vested in employees shall lapse under following conditions:

- Failure to exercise the stock options within the exercise period,
- Resignation or termination on account of misconduct or misdemeanor of the employee.

K. Specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment:

The vested Options, can be exercised by the employee within such period as may be permitted by the NRC. In case of termination of employment of the employee due to

misconduct of the employee, the Options, whether vested or not, will stand forfeited. Further, in case of resignation by the employee, the right to apply for the vesting of the Options as on the date of resignation may not be allowed to be exercised.

S

L. The Company confirms that it shall comply with the applicable accounting standards.

The Board commends passing of the Special Resolution proposed in the accompanying Notice.

The directors/Key Managerial Personnel of the Company may be deemed to be concerned or interested in the proposed Resolution to the extent of the Options, if any, which may be offered to them under and in accordance with the Scheme.

By Order of the Board

Sd/-
Vineet Singh
Company Secretary

Date: March 11, 2020

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025

CIN: U67190MH2007PLC174287