



## **MAGMA HOUSING FINANCE**

### **NOTICE**

#### **To all the Members of the Company**

Notice is hereby given that the 29<sup>th</sup> **Extra Ordinary General Meeting** (EGM) of the Members of the Magma Housing Finance Limited [Formerly, Magma Housing Finance (A Public Company with Unlimited Liability)] will be held at shorter notice at Board Room, Equinox Business Park, 2nd Floor, Tower 3, Off BKC, Ambedkar Nagar, LBS Marg, Kurla West, Mumbai 400 070, on Wednesday, the 24 day of October, 2018 at 03.30 p.m. to transact the following businesses:

#### **SPECIAL BUSINESS:**

**1. Approval of Magma Housing Restricted Award/RSO Plan 2018 and grant of restricted stock options to the employees of the Company**

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

**“RESOLVED THAT** in accordance with Section 62 and 67 of the Companies Act, 2013 (“the Act”) (including any statutory modification(s) or re-enactment of the Act for the time being in force) read with Rule 12 and 16 of Companies (Share Capital and Debenture) Rules, 2014 (“Companies Rules”) and all other applicable provisions of the Act, the provisions of the Articles of Association of the Company, 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 term shall be deemed to include the Nomination and Remuneration Committee of the Board, hereinafter referred to as ‘the Committee’) to exercise its powers, including the powers, conferred by this resolution, to create, offer, issue and allot at any time upto 30,00,00 (Thirty Lakhs only) Restricted Award/RSOs (“RSOs”) being not exceeding 5% of the paid-up equity share capital of the Company as on the date of passing the resolution to the permanent employees including Directors of the Company (other than Promoter(s) or belonging to the Promoter Group of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company), whether whole time or otherwise, whether working in India or out of India (hereinafter referred to as an “Employee(s)”), as may be decided solely by the Board under the Plan, exercisable into not more than 30,00,00 (Thirty Lakhs only) fully paid-up Equity Shares in the Company in aggregate of face value of Rs. 10/- (Rupees Ten) each, through Magma Housing Finance Employee Award/RSO Plan Trust (herein after referred to as “Trust”) set-up by the Company, at such price or prices, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the Plan and in due compliance with other applicable laws.

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Magma Housing Finance Limited

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Regd. Office: 8, Sant Nagar, East of Kailash, New Delhi - 110 065, Ph: +91 11 45728100

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**RESOLVED FURTHER THAT** 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 term shall be deemed to include the Nomination and Remuneration Committee of the Board, hereinafter referred to as ‘the Committee’ thereof) for the purpose of formulation and/or adoption of the ‘Magma Housing Restricted Award/RSO Plan 2018’ (“MHRSO 2018” or “the Plan”), the salient features of which are furnished in the Explanatory Statement to the Notice, by the creation and issue of 30,00,00 (Thirty Lakhs only) Award/RSOs, each of which would upon exercise be converted into one Equity Share of Rs. 10/- each of the Company (the “Equity Shares”).

**RESOLVED FURTHER THAT** consent of the members of the Company be and is hereby accorded to the Trust to subscribe, acquire, purchase, hold and deal in Equity Shares of the Company for the purpose of implementation of MHRSO 2018 which may be introduced by the Company from time to time, or for any other purpose(s) as contemplated herein and in due compliance with the provisions of the Companies Act, 2013 (including rules framed thereunder) and other applicable laws.

**RESOLVED FURTHER THAT** the Plan be administered by the Committee/Trust, which be hereby empowered to determine in its absolute discretion the terms governing the Plan including any variation thereof in accordance with the provisions of Companies Act, 2013 including but not limited to determination of number of options, quantum, time of grant, vesting criteria, vesting schedule, eligibility, exercise price, framing other relevant and appropriate procedure for grant, vesting etc. of the options, etc., subject however to the overall superintendence and control of the Board.

**RESOLVED FURTHER THAT** the said Equity Shares may be allotted to such employees/employee directors, upon exercise of the Restricted Award/RSOs in accordance with the Plan.

**RESOLVED FURTHER THAT** the allotment of Equity Shares upon exercise of the Restricted Award/RSOs after achievement of the requisite vesting criteria as may be determined by the Committee/Trust from time to time, at their sole and exclusive discretion, to any non-resident employee(s), non-resident employee director(s) shall be subject to such approvals, permissions or consents as may be necessary in this regard.

**RESOLVED FURTHER THAT** the Board is empowered to make fair and reasonable adjustment, in its sole and absolute discretion in accordance with applicable law to the terms of grant made under the Scheme in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division/undertaking or other re-organisation, change in capital and others, or sub-division or consolidation of Equity Shares.

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted by the Company under the Plan upon exercise of the Restricted Award/RSOs shall rank *pari-passu* in all respects with the then existing Equity Shares of the Company.

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**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under the Accounting Standards and any other applicable laws to the extent relevant and applicable to the Plan.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue or allotment of the Equity Shares allotted upon exercise of the Restricted Award/RSOs under the Plan, the Board (which includes any Committee of the Board) be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect and make any modifications, changes, variations, alterations or revisions in the said Plan or to suspend, withdraw or revive the Plan from time to time as may be specified by any statutory authority and 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.”

**2. Approval of the grant of options to the identified employees during any one year, equal to or exceeding one percent of the issued capital of the Company at the time of grant of option**

“**RESOLVED THAT** pursuant to Section 62 read with Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014) (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”) the consent of the Company be and is hereby accorded to the grant of Restricted Award/RSOs under the ‘Magma Housing Restricted Award/RSO Plan 2018 (the “MHRSO Plan”) to the identified employees, during any one year equal to or exceeding 1% of the issued, subscribed and paid-up capital of the Company at the time of grant of option.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors including the Nomination & Remuneration Committee and/or such other committee as may be decided by the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard, as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the member(s).”

Place: Mumbai

Dated: 24.10.2018

Corporate Office  
24, Park Street,  
Kolkata – 700 016

By Order of the Board of Directors  
For **Magma Housing Finance Limited**

**Priti Saraogi**  
**Company Secretary**  
Membership No. A26360

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### **NOTES:**

1. Shorter Notice consent has been received from all the shareholders of the Company to convene the meeting at a shorter notice.
2. Members/ proxies should bring the duly filled Attendance slip enclosed herewith to attend the meeting.
3. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the EGM is annexed hereto.
4. Corporate Members are requested to send a duly certified copy 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.
5. Relevant documents referred to in the accompanying notice/explanatory statement are open for inspection by the members at the EGM and such documents will also be available for inspection in physical or in electronic form at the registered office of the Company and copies thereof shall also be available for inspection in physical or in electronic form at the corporate office on all working days from 10:00 a.m. to 12:00 noon up to the date of the ensuing EGM.
6. 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.
7. Proxy Form, Attendance Slip and the route map is enclosed with the notice.

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

#### **ITEM NO. 1**

In addition to the existing Magma Housing Finance Limited – Employee Stock Option Plan 2018 approved by the shareholders of the Company at their Extra-ordinary General Meeting on 31 March, 2018, with a view to:

- a) Attract, retain and motivate talented and critical employees;
- b) Encourage Eligible Employees to align individual performance with Company objective;

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- c) Reward Eligible Employees performance with ownership in the Company;
- d) Encourage Eligible Employees to create shareholder value.

It is proposed to formulate and implement an Employee Award/RSO Plan in the Company titled 'Magma Housing Restricted Stock Option Plan 2018 ("MHRSO 2018"/ "Plan") by the creation and issue of 30,00,00 (Thirty Lakhs only) Award/RSOs each of which would upon exercise be converted into one Equity Share of Rs. 10/- each of the Company (the "Equity Shares"). Your Company contemplates implementation of the Plan through MHF ESOP Trust ("Trust") with a view to efficiently manage the Plan.

The Nomination and Remuneration Committee ("the Committee") or the Trust of the Company will administer the Plan, subject to the Board's overall superintendence and control.

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

Item	Particulars
Total No. of Award/RSO Award to be granted	30,00,00 (Thirty Lakhs only)
Equivalent Equity Shares to be granted	30,00,00 (Thirty Lakhs only)
Identification of classes of employees entitled to participate in the Plan	Such person(s) who are in employment of the Company and the Holding Company, and satisfy the definition of 'employee' under Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014 and they in terms of hierarchy are 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 Award/RSOs may commence after the vesting and maximum period	Vesting of the Award/RSOs may commence after the expiry of a minimum period of 12 months from the date on which the Awards 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.

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Item	Particulars
Exercise Price or pricing formula	The Exercise Price of the Award/RSOs shall be at Face Value or be linked to the fair market value of equity shares of the Company at the time of grant of the Award/RSO, as determined under the Plan or determined by the Committee, in its discretion.
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 Restricted Award/RSOs 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.</p> <p>The Award/RSOs 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 Restricted Award/RSOs, in such manner, as may be prescribed by the Committee/Trust, in its discretion.</p>
The Lock in period, if any	Not Applicable
Method of valuing the Award/RSOs	Comparable Companies Method (CCM) based on Enterprise Value/EBIDTA Multiple of Comparable Listed Companies
Appraisal process for determining the eligibility of the employees to the Plan	The Committee 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	3 years

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Item	Particulars
Maximum number of Award/RSOs to be issued per employee and in aggregate	The Committee may from time to time grant Restricted Award/RSOs to one or more Employees/Employee Directors during the tenure of the MHRSO Plan 2018. The aggregate number of Award/RSOs that may be granted under the Plan shall not exceed 30,00,00 (Thirty Lakhs 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 date of submission of resignation of the Option Holder with the Company. However, the Option Holder shall be eligible to Exercise all the Vested Options, duly considering the achievement of Vesting criteria, within 30 days from the date of actual termination of the employment

The Company shall conform and comply with the accounting policies and disclosure requirements prescribed from time to time under Companies Act, 2013.

The Company shall adopt the fair value method or any other method as per applicable Accounting Standards prescribed by the Institute of Chartered Accountant of India or prescribed under any other statutory provisions from time to time for valuation of options. The Company will be valuing the options at fair value as per the Companies Act 2013. However, in case in future the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Boards' Report and also the impact of this difference on profits and the Earning Per Share ("EPS") of the Company shall also be disclosed in the Boards' Report.

A copy of the said Plan is available for inspection by shareholders at the Company's Registered Office and corporate office between 10.00 a.m. and 12.00 noon on all working days.

The Board of Directors recommends the aforesaid Resolutions for your approval as Special Resolution.

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None of the Directors and Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the said Resolution, except to the extent of any Restricted Award/RSOs that may be granted to such Employee Directors and/or such Key Managerial Personnel.

### **Item 2**

Pursuant to Section 62 of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, a separate resolution is required to be passed if the benefits of the Scheme are to be extended to identified Employees, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant of option.

Further, the Company may identify certain Employee/s to whom it may be necessary to grant option exceeding 1% in one year to ensure continuity of their service with the Company. The resolution as set out in Item No. 3 provides that the Company may grant option equal to or exceeding 1% but not exceeding 5% in one year to identified Employee/s or Director/s of the Company.

The Board of Directors recommends the aforesaid Resolutions for your approval as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the said Resolution, except to the extent of any Award/RSOs that may be granted to such Employee Directors and/or such Key Managerial Personnel.

Place: Mumbai  
Dated: 24.10.2018

Corporate Office  
24, Park Street,  
Kolkata – 700 016

By Order of the Board of Directors  
For **Magma Housing Finance Limited**

**Priti Saraogi**  
**Company Secretary**  
Membership No. A26360

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