

MAHINDRA RURAL HOUSING FINANCE LIMITED

Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

Corporate Identity Number : U65922MH2007PLC169791

Tel: +91 22 6652 3500; **Fax:** +91 22 2497 2741

Website: www.mahindrachomefinance.com

E-mail: customercare.mrhfl@mahfin.com

NOTICE

An **EXTRAORDINARY GENERAL MEETING OF** the Members of **MAHINDRA RURAL HOUSING FINANCE LIMITED** will be held at Mahindra Towers, 4th Floor, Worli, Mumbai – 400 018, on Thursday, the 31st day of August, 2017, at 11.00 a.m to transact the following Business:

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Memorandum and Articles of Association of the Company and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and are hereby accorded respectively to ‘MRHFL Employee Stock Option Scheme 2017’ (“ESOS 2017” / “Scheme”) and to the Board of Directors of the Company (*hereinafter referred to as the “Board” which term shall be deemed to include any authorized Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution*) to create, offer and grant from time to time up to 37,86,459 (Thirty Seven Lacs Eighty Six Thousand Four Hundred Fifty Nine only) Employee Stock Options in one or more tranches to the permanent employees, existing and future, including the Directors (but excluding the Independent Directors) of the Company, as may be decided solely by the Board under the Scheme, exercisable into not more than 37,86,459 (Thirty Seven Lacs Eighty Six Thousand Four Hundred Fifty Nine

only) fully paid-up Equity Shares of the Company in aggregate of face value of Rs. 10 each, which shall be acquired through an Employee Welfare 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 Scheme and in due compliance with the applicable rules and regulations.

RESOLVED FURTHER THAT the number of Employee Stock Options that may be granted to any one employee including any Director of the Company, in any financial year and in aggregate under the ESOS 2017 shall be lesser than one percent of the Paid-up Share Capital of the Company.

RESOLVED FURTHER THAT 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, if any additional Equity Shares are required to be issued by the Company to the Shareholders, the ceiling as aforesaid of 37,86,459 (Thirty Seven Lacs Eighty Six Thousand Four Hundred Fifty Nine only) Employee Stock Options and Equity Shares respectively shall be deemed to increase in proportion of such additional Equity Shares issued to facilitate making a fair and reasonable adjustment.

RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOS 2017 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOS 2017 and do all other things incidental and ancillary therefor.

RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as it may, at its absolute discretion, deem necessary including authorizing or directing the Trust or any of its Committees to appoint Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOS 2017 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals and all other documents required to be filed in the

above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.”

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

“RESOLVED THAT pursuant to the provisions of Section 67 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, the Memorandum and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent 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 any authorized Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution*) to grant an interest free loan / provide guarantee or security in connection with a loan, in one or more tranches, to the Employee Welfare Trust (*hereinafter referred to as “Trust”*) to be set-up by the Company not exceeding five percent of the paid-up capital and free reserves, in aggregate, for the purpose of acquisition/purchase of Equity Shares of the Company by the Trust/ Trustees, from time to time in one or more tranches, subject to the ceiling of Equity Shares prescribed under MRHFL Employee Stock Option Scheme 2017 (“ESOS 2017” / “Scheme”), which Scheme is hereby approved, with a view to deal in such Equity Shares in line with contemplated objectives of the Scheme or for any other purpose(s) as permitted under and in due compliance with the provisions of the Companies Rules.

RESOLVED FURTHER THAT any loan provided by the Company shall be repayable to and recoverable by the Company from time to time during the term of the ESOS 2017, subject to exercise price being paid by the employees on exercise of Employee Stock Options under the Scheme and any other income of the Trust.

RESOLVED FURTHER THAT the Trustees of the Trust shall not vote in respect of the shares held by such Trust.

RESOLVED FURTHER THAT the Trustees of the Trust shall ensure compliance with the provisions of the Companies Rules and all other applicable laws at all times in connection with dealing with the shares of the Company including but not limited to maintenance of proper books of account, records and documents as prescribed.”

NOTES:

- (1) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), setting out the material facts relating to the business stated under Item Nos. 1 and 2 is annexed hereto.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- (5) A route map along with the prominent landmark for the ease of locating the venue of the Meeting, is attached.

By Order of the Board

Sd/-

**Navin Joshi
Company Secretary**

Registered Office:
Mahindra Towers,
P. K. Kurne Chowk,
Worli, Mumbai - 400 018.

9th August, 2017

Explanatory Statements under Section 102 of the Companies Act, 2013

ITEM NO.1

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share based compensation scheme. Your Company believes in rewarding its employees including Directors of the Company for their continuous hard work, dedication and support, which has led the Company on the growth path. The Company intends to implement MRHFL Employee Stock Option Scheme 2017 (“ESOS 2017” / “Scheme”) with a view to attract and retain key talents working with the Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

The Nomination and Remuneration Committee of the Board (NRC) and the Board of Directors (“the Board”), upon the recommendation of the NRC, at their respective meetings held on 2nd March, 2017, approved ESOS 2017. The Board also approved setting up of an Employee Welfare Trust, for administering the Scheme.

The Company now seeks members’ approval in respect of ESOS 2017 and grant of Stock Options to the eligible employees/ Directors of the Company as decided by the Board / NRC from time to time, in due compliance of applicable laws.

The main features of the ESOS 2017 are as under:

a) Brief description of the Scheme:

The Company proposes to introduce the ESOS 2017 for the benefit of the existing permanent employees of the Company, employees joining the Company and its Directors (excluding Independent Directors), in accordance with the provisions of prevailing regulations including the Company Rules.

The NRC shall act as Compensation Committee for supervision of ESOS 2017 and the administration aspects shall be ensured through the Trust route. All questions of interpretation of the ESOS 2017 shall be determined by the Board / NRC and such determination shall be final and binding upon all persons having an interest in ESOS 2017.

b) Total number of Options to be granted:

37,86,459 (Thirty Seven Lacs Eighty Six Thousand Four Hundred Fifty Nine only) Options would be available for grant to the eligible employees of the Company under ESOS 2017, in one or more tranches exercisable into not exceeding 37,86,459 (Thirty Seven Lacs Eighty Six Thousand Four Hundred Fifty Nine only) Equity Shares in aggregate in the Company of face value of Rs. 10/- each fully paid-up.

Vested Options lapsed due to non-exercise and/or unvested Options that get cancelled due to resignation/ termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed / cancelled options as per the provisions of ESOS 2017.

c) Identification of classes of employees entitled to participate in ESOS 2017

Following classes of employees are entitled to participate in ESOS 2017, subject to the selection on the basis of eligibility criteria laid down by the Board / NRC:

- i) Permanent employees of the Company working in India or out of India; and
- ii) Directors of the Company;

Following persons are not eligible:

- i) an employee who is a Promoter or belongs to the Promoter Group;
- ii) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- iii) an Independent Director within the meaning of the Companies Act, 2013.

d) Appraisal process for determining the eligibility of employees under ESOS 2017:

The Options shall be granted to the employees as per the criteria approved by the Board / NRC.

e) Transferability of Employee Stock Options:

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the Option grantee, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees.

f) Requirements of vesting and period of vesting:

The Options granted shall vest so long as an employee continues to be in the employment of the Company. The Board / NRC may, at its discretion, lay down certain eligibility criteria on the basis of which such Options would vest, the detailed terms and conditions relating to such eligibility-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 year.

g) Maximum period within which the Options shall be vested:

Options granted under ESOS 2017 would vest subject to maximum period of 5 years from the date of grant of such Options.

h) Exercise price or pricing formula:

The exercise price per Option shall be such price as may be determined by the Board being not less than the face value of an Equity Share of the Company as on date of grant of Option.

i) Exercise period and the process of Exercise:

The Vested Options can be exercised by the Option Grantee within maximum of 3 years from the date of vesting of options. .

The vested Option shall be exercisable by the employees by a written application to the Trust or Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Trust/ NRC from time to time. The Options shall lapse if not exercised within the specified exercise period.

In case of cashless system of exercise of vested Options, the NRC shall be entitled to specify such procedures and/or mechanisms for the Shares to be dealt with thereon as may be necessary and the same shall be binding on the Option grantees.

j) Lock-in period, if any:

There shall not be any lock-in period post exercise of Options.

k) Maximum number of Options to be issued per employee and in aggregate:

The number of Options that may be granted to any specific employee under the Scheme shall be lesser than the number equivalent to one percent of the total Paid-up Equity Shares of the Company per grant and in aggregate.

l) Maximum quantum of benefits to be provided per employee under the Scheme:

Maximum quantum of benefits shall depend on maximum number of options that may be granted and the value of underlying shares as on date of exercise of such options or sale of underlying Shares.

m) Whether Scheme is to be implemented and administered directly or through a Trust:

The implementation and administration are contemplated through Trust.

n) Whether the Scheme involves new issue of shares or secondary acquisition or both:

The Scheme contemplates new issue only.

o) Amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc:

Company has sought approval of members by way of separate special resolution to sanction a loan and / or give a guarantee / provide a security in connection with a loan not exceeding five percent of the paid up capital and free reserves of the Company, subject to the condition that the amount shall be used for acquisition of equity shares of the Company with a view to transfer to the beneficiaries as and when they exercise the options. The tenure of the loan shall be up to the term of the Scheme. The loan shall be repaid by the Trust to the Company from time to time depending on the exercise prices being recovered from the employees at the time of exercise of options.

p) Conditions under which Vested Options may lapse:

Vested Options shall lapse in case of (i) abandonment of employment, and (ii) termination of employment due to misconduct or due to breach of Company policies or the terms of employment.

q) Exercise period in case of proposed termination of employment or resignation of employee:

In case of resignation, the Vested Options can be exercised by the employee within last working day in the Company. In case of termination on account of misconduct, the Vested Options cannot be exercised and would lapse.

r) Accounting and Disclosure Policies:

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

s) Method of Option Valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the Options granted. Notwithstanding the above, the Company may adopt any other method as may be required under prevailing applicable laws.

t) Declaration:

In case the company opts for expensing of share based employee benefits using the intrinsic value, 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 and the impact of this difference on profits and on EPS of the company shall also be disclosed in the Directors' report.

A copy of the ESOS 2017 is available for inspection by the members at the Registered Office during office hours till the conclusion of the Meeting.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution at item no. 1 of the Notice, except to the extent of their entitlements, if any, under the Scheme.

The Directors recommend the resolution for your approval, as a Special Resolution.

ITEM NO.2

The Company intends to implement MRHFL Employee Stock Option Scheme 2017 ("ESOS 2017"/ "Scheme") with a view to attract and retain key talents working with the Company.

Accordingly, the Board of Directors at its meeting held on 2nd March, 2017, has accorded its approval to set-up an Employee Welfare Trust namely MRHFL Employee Welfare Trust (Trust) and, subject to the approval of Shareholders, approved the proposal for sanction of an interest free loan and / or provision of a guarantee / security in connection with a loan to the Trust of an amount not exceeding five percent of the paid up capital and free reserves of the Company.

Particulars in respect of the Trust:

a) The class of employees for whose benefit the Scheme is being implemented and money is being provided for acquisition of the shares:

The Scheme is being implemented and money is being provided for acquisition of shares for the benefit of employees within the meaning of the Scheme. Following classes of employees are entitled to participate in ESOS 2017, subject to the selection on the basis of eligibility criteria laid down by the Board / NRC:

- i. Permanent employees of the Company working in India or out of India; and
- ii. Directors of the Company.

Following persons are not eligible:

- i. an employee who is a Promoter or belongs to the Promoter Group;
- ii. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- iii. an Independent Director within the meaning of the Companies Act, 2013.

b) The particulars of the Trustee or employees in whose favour such shares are to be registered:

It is contemplated that one or more of the designated Trustees shall acquire and hold the Shares in due compliance of the relevant provisions of Companies Rules. The Trustees shall transfer the Shares in favour of the employees on exercise of the Employee Stock Options after realisation of exercise price and applicable income tax.

c) The particulars of trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any:

Trust to be set-up in the nature of an irrevocable Employee Welfare Trust with the name MRHFL Employee Welfare Trust having its principal office at Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai – 400 018 .

Particulars of the Trustees

S. No.	Name	Address	Occupation	Nationality
1	Mr. Vinay Deshpande	Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai – 400 018.	Corporate Executive	Indian
2	Mr. Rajnish Agarwal	Mahindra Towers, P.K.Kurane Chowk,	Corporate Executive	Indian

		Worli, Mumbai – 400 018.		
3	Mr. Rajesh Vasudevan	Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai – 400 018.	Corporate Executive	Indian

The Trustees are neither promoters, directors nor key managerial personnel of the Company nor are they related to the promoters, directors or key managerial personnel in their personal capacity.

d) Any interest of key managerial personnel, directors or promoters in such scheme or trust and effect thereof:

Promoters are not eligible to be covered under the Scheme. However, key managerial personnel and Directors will be covered under the Scheme in due compliance with relevant Companies Rules.

None of the Key Managerial Personnel, Director or Promoter is related to the Trust.

e) The detailed particulars of benefits which will accrue to the employees from the implementation of the Scheme:

The eligible employees shall be granted Employee Stock Options under the Scheme which would vest subject to vesting conditions prescribed by the Board / NRC. After vesting and on exercise of the Options, the Trust/ Trustees shall transfer corresponding number of Equity Shares to the employees. The employees may like to sell the Shares immediately after exercise or may hold and sell after a definite period of time at their discretion. The employees would get the benefit on sell of shares depending on sale price of such Shares.

f) The details about who would exercise and how the voting rights in respect of the shares to be purchased/ acquired under the Scheme would be exercised:

The Trustees shall not vote in respect of Shares held in the Trust. In these circumstances, the voting rights can be exercised by an employee only when the Shares are transferred to him / her after due process of exercise of Options.

A copy of the ESOS 2017 is available for inspection by the members at the Registered Office during office hours till the conclusion of the Meeting.

None of the Directors and / or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Trust/ resolution, except to the extent of their entitlements, if any, under the Scheme.

The Directors recommend the resolution at item no. 2 of the Notice for your approval, as a Special Resolution.

By Order of the Board

**Sd/-
Navin Joshi
Company Secretary**

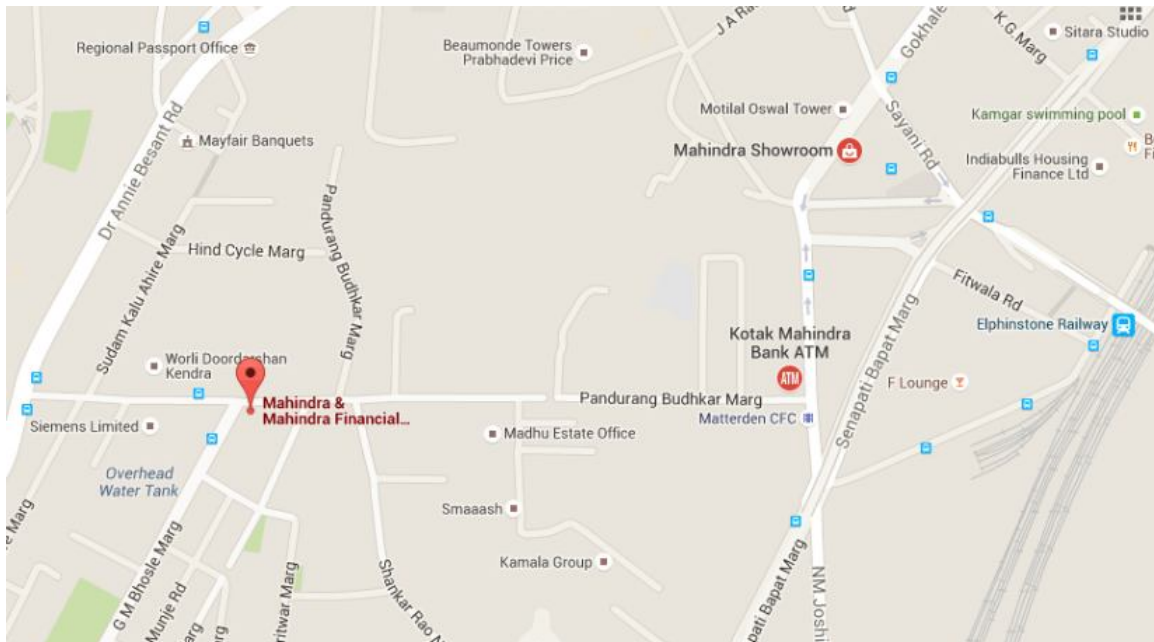
Registered Office:
Mahindra Towers,
P. K. Kurne Chowk,
Worli, Mumbai 400 018.

9th August, 2017

- ROUTE MAP -

Extraordinary General Meeting of Mahindra Rural Housing Finance Limited to be held at the Registered Office of the Company at Mahindra Towers, 4th Floor, P. K. Kurne Chowk, Worli, Mumbai – 400 018, on Thursday, the 31st day of August, 2017, at 11.00 a.m.

Prominent Landmark : Near Worli T. V. Tower (Doordarshan Kendra).



MAHINDRA RURAL HOUSING FINANCE LIMITED

Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

Corporate Identity Number : U65922MH2007PLC169791

Tel: +91 22 66523500; **Fax:** +91 22 24972741

Website: www.mahindrahomefinance.com

E-mail: customercare.mrhfl@mahfin.com

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(s) of the Member(s) :

Registered Address :

E-mail ID :

Folio No. / Client ID :

DP ID :

I/We, being the Member(s) of **MAHINDRA RURAL HOUSING FINANCE LIMITED** holding _____ Equity Shares hereby appoint :

1 Name :

Address :

E-mail ID :

Signature :

or failing him/her;

2 Name :

Address :

E-mail ID :

Signature :

or failing him/her;

3 Name :

Address :

E-mail ID :

Signature :

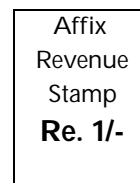
as my/our Proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the **Extraordinary General Meeting of Mahindra Rural Housing Finance Limited** to be held on Thursday, 31st August, 2017 at 11.00 a.m. at Mahindra Towers, 4th Floor, Worli, Mumbai – 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description
	Special Business
1.	Approval of MRHFL Employee Stock Option Scheme 2017 and issue / offer of options thereunder.
2.	Approval for the provision of interest free loan and / or provision of guarantee / security in connection with the loan to the Employee Welfare Trust (to be formed) in connection with implementation of ESOS 2017.

Signed this ____ day of _____ 2017.

Signature of Shareholder

Signature of Proxy Holder(s)



Notes :

- (1) A Proxy need not be a Member of the Company.
- (2) This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

MAHINDRA RURAL HOUSING FINANCE LIMITED

Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

Corporate Identity Number : U65922MH2007PLC169791

Tel: +91 22 66523500; **Fax:** +91 22 24972741

Website: www.mahindrahomefinance.com

E-mail: customercare.mrhfl@mahfin.com

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING ROOM.

Name and Registered Address of :
the Shareholder

Joint Holder :

Folio no. / DP ID no. :

Client ID no. :

No. of Shares :

I hereby record my presence at the **Extraordinary General Meeting of Mahindra Rural Housing Finance Limited** held on Thursday, 31st August, 2017 at 11.00 a.m. at Mahindra Towers, 4th Floor, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

Name(s) of the Shareholder(s)/ Representative/Proxy (IN BLOCK CAPITALS)	
Signature(s) of the Shareholder(s)/ Representative/Proxy	