

Notice

Notice is hereby given that an Extra Ordinary General Meeting of Members of ***IKF Finance Limited*** will be held on Monday, the 18th day of February, 2019 at 10.30 A.M at the registered office of the company situated, # 40-1-144, Corporate Centre, M.G. Road, Vijayawada – 520 010, to transact the following special business:

1. Approval of 'IKF Finance Limited - Employee Stock Option Plan 2019'

To consider and, if thought fit, to pass, the following resolution as a **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 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, the approval and consent of the members be and are hereby accorded respectively to the ‘**IKF Finance Limited - Employee Stock Option Plan 2019**’ (“**ESOP 2019**”) and to the Board of Directors of the Company (*hereinafter referred to as "the Board" which term shall be deemed to include any authorize Committee including Nomination and Remuneration Committee, which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution*) to create, offer, and grant up to, 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] employee stock options to the eligible employees of the Company, determined in terms of **ESOP 2019**, from time to time, in one or more tranches, exercisable in aggregate into not more than 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] equity shares of the Company, with each such option would be exercisable for one equity share of a face value of Rs.10/- each fully paid-up on payment of the requisite exercise price to the Company, and on such terms and conditions as may be determined by the Board in accordance with the provisions of the ESOP 2019 and provisions of applicable law as may be prevailing at that time.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of equity shares as may be required upon exercise of options from time to time in accordance with the ESOP 2019 and that such equity shares shall rank *pari passu* in all respects with the then existing equity shares of the Company.”

“**RESOLVED FURTHER THAT** in case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may deem fit in its absolute discretion and permitted under applicable laws for the purpose of making a fair and reasonable adjustment to the Options granted earlier including issue of any additional equity shares by the Company to the Option grantees and the ceiling of 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] of options/ Equity Shares shall be deemed to increase to the extent of such additional Equity Shares issued.”

“**RESOLVED FURTHER THAT** in case the Equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottee(s).”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in the ESOP 2019 as it may deem fit, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 2013, Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Memorandum and Articles of Association of the Company and relevant provisions of the applicable laws.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board 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 necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein, to any Committee of Directors with a power to further delegate to any executives / officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary in this regard.”

2. **Approval of grant of loan to the IKF Finance Employee Welfare Trust**

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(3)(b) 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, as amended from time to time, 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 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 any Committee including Nomination and Remuneration Committee, which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution*) to grant upto Rs.7,00,00,000 (Rupees Seven Crore only) an interest free unsecured loan, provide guarantee or security in connection with a loan or any other financial assistance to the IKF Finance Employee Welfare Trust (*hereinafter referred to as "Trust"*) set-up by the Company, in one or more tranches not exceeding 5 % (five percent) of the paid-up capital and free reserves as on 31st March 2018, in aggregate, for the purpose of acquisition of equity shares of the Company by the Trust, from time to time in one or more tranches, subject to the ceiling of equity shares prescribed under IKF Finance Limited - Employee Stock Option Plan 2019 (“ESOP 2019”), with a view to deal in such equity shares in line with contemplated objectives of the ESOP 2019 or for any other purpose(s) in accordance with the terms and conditions agreed upon and as prescribed under the laws, rules, regulations applicable to the Company.”

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 ESOP 2019 subject to exercise price being paid by the employees on exercise of Employee Stock Options under the ESOP 2019 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 of 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.”

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers conferred herein, to any committee of directors with a power to further delegate to any executives / officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary in this regard.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board 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 necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage.

*by order of the Board of Directors
for IKF Finance Limited*

*(Ch Sreenivasa Rao)
Company Secretary*

*Place: Vijayawada
Date: 25.01.2019*

NOTES

1. The statements pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business set out in the notice and Secretarial Standard on General Meetings (SS-2), wherever applicable, are annexed hereto
2. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy to attend and vote on a poll in the meeting instead of such member. The proxy need not be a member of the Company. A person can act as a proxy on behalf of members not exceeding fifty (50) members and holding in aggregate not more than ten (10) percent of the total share capital of the Company carrying voting rights. A member holding more than ten (10) percent 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 proxy for any other member or shareholder.
3. A member of a company registered under Section 8 of the Companies Act, 2013 shall not be entitled to appoint any other person as its proxy unless such other person is also a member of such company.
4. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for this Extra Ordinary General Meeting is enclosed.
5. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
6. 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 with the Company at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company by such intending person.
7. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members of the Company will remain closed from Monday , February 10, 2019 to Sunday, February 17, 2019 (both days inclusive). Members are requested to quote their Registered Folio Numbers in all their Correspondence with the Company and notify change in their registered address, if any. Members/proxies should bring the Attendance slips duly signed to the meeting and hand it over at the entrance. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting. Xerox copy of attendance slips will not be accepted at the entrance of the Meeting Hall. Members are requested to bring their copy of the Notice to the Meeting.
8. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
9. The notice of the Extra Ordinary General Meeting is being sent through electronic mode to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the notice of the Extra Ordinary General Meeting are being sent by the permitted mode.

10. With a view to using natural resources responsibly, we request the shareholders to update respective email addresses with your Depository Participants, if not already done, to enable the Company to send communications electronically.
11. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.

SEBI has also mandated, that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company

13. In compliance with Pursuant to Section 108 of the Companies Act, 2013, read with Rules 20 of the Companies (Management and Administration) Rules, 2014(as amended from time to time), the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited. The facility for voting, through ballot paper, will also be made available at the Extra Ordinary General Meeting.
14. The members who have not already cast their votes by remote e-voting shall be able to exercise their right at the Extra Ordinary General Meeting through ballot paper. Members who have casted their votes by remote e-voting prior to the Extra Ordinary General Meeting may attend the Extra Ordinary General Meeting but shall not be entitled to cast their votes again.

15. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amendment from time to time), the Company is pleased to provide members the facility to exercise their right to vote at the Extra Ordinary General Meeting (EGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Ltd. (CDSL).

A member may exercise his/her votes at any General Meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2015.

During the e-voting period, members of the Company holding shares either in physical form or dematerialized form, as on the cut-off date i.e., Monday, February 11, 2019, may cast their votes electronically.

Members who do not have access to e-voting facility may send duly completed Ballot Form so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. S.Srikanth, Partner of M/s. B S S & Associates (Membership No. 22119), Company Secretary in Practice, Company Secretary in Practice, 6-3-626, Parameswara Appts, 5th Floor, 5A, AnandNagar, Khairtabad, Hyderabad-500004 not later than Monday, February 11, 2019 (5.00 p.m. IST).

Members have the option to request for physical copy of the Ballot Form by sending an e-mail to sreenivas@ikffinance.com by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach Mr. S.Srikanth, Partner of M/s. B S S & Associates, (Membership No. 22119), Company Secretary in Practice, Company Secretary in Practice, 6-3-626, Parameswara Apts, 5th Floor, 5A, AnandNagar, Khairtabad, Hyderabad-500004 not later than Monday, February 11, 2019 (5.00 p.m. IST).

Ballot Form received after this date will be treated as invalid. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

The instructions for shareholders voting electronically are as under:

- i. The voting period begins on Friday, February 15, 2019 at 9.00 a.m. and ends on Sunday, February 17, 2019 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e., Monday, February 11, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The shareholders should log on the e-voting website www.evotingindia.com during the voting period
- iii. Click on “Shareholders” tab.
- iv. Now, select the “Company Name: IKF Finance Limited” from the drop down menu and click on “SUBMIT”
- v. Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification Code as displayed and Click on Login.
- vii. If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in DEMAT Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ❖ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. ❖ In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Suresh Kumar with sequence number 1 then enter SA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend	Enter the Dividend Bank Details as recorded in your demat account or in the

Bank Details	<p>company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ❖ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction “v”.
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- ix. After entering these details appropriately, click on “SUBMIT” tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen.

However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant <IKF Finance Limited> EVSN Reference No: **190122004** on which you choose to vote.
- xiii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvii. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Note for Institutional Shareholders
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- xix. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co. in under help section or write an email to helpdesk.evoting@cdslindia.com.
- xx. You are advised to cast your vote only through E-voting or through Ballot at the Extra Ordinary General Meeting. In case you cast your votes through both the modes, votes cast through e-voting shall only be considered and votes cast at the meeting through Ballot would be rejected.

Other Instructions:

- i) The e-voting period commence on Friday, February 15, 2019 at 9.00 a.m. and ends on Sunday, February 17, 2019 at 5.00 p.m. During this period, member of the company holding share either in physical form or in dematerialize form as on Monday, February 11, 2019 may cast their vote electronically. The e-voting module shall be disabling by CDSL for voting Thereafter. Once the vote on resolution is cast by the member, he shall not be allowed to change it subsequently.
- ii) The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the company as on February 11, 2019.
- iii) Mr. S.Srikanth, Company Secretary in Practice has been appointed as the scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) and in a fair and transparent manner.
- iv) The Scrutinizer shall, immediately after the conclusion of voting at the EGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declare the result of the voting forthwith.
- v) The results declared along with the scrutinizers report shall be placed on the company website www.ikffinance.com and with the website of CDSL within two days of passing of resolutions at the EGM of the company on February 18, 2019.
- vi) Members may also note that the Notice of the Extra Ordinary General Meeting and the same is available on the Company’s website, www.ikffinance.com Members who require physical copies may write to us at sreenivas@ikffinance.com
- vii) All documents referred to in this Notice are available for inspection at the Company’s registered office during normal business hours on working days up to the date of the Extra Ordinary General Meeting.
- viii) Members are requested to bring their notice to the Meeting.

Explanatory Statement and disclosures
[Pursuant to applicable provisions of the Companies Act, 2013]

The Company appreciates the critical role people play in the organizational growth. It strongly feels that the value created by its people should be shared with them. To promote the culture of employee ownership and as well as to attract, retain, motivate and incentivize critical talents, the Company is intending to issue employee stock options under an employee stock option plan namely 'IKF Finance Limited - Employee Stock Option Plan 2019' (hereinafter referred to as "ESOP 2019") to the employees and Directors of the Company, as determined from time to time.

The Board of Directors (hereinafter referred to as "Board") of the Company at its meeting on 17.01.2019 approved ESOP 2019, set-up the Trust, grant of loan to the Trust and authorized the Nomination and Remuneration Committee (hereinafter referred to as "Committee") to formulate detailed terms and conditions of the Employee Stock Options to be granted to the employees from time to time subject to the approval of ESOP 2019 by the members.

As per prevailing rules, approval of the members is required for implementation of the ESOP 2019.

Particulars as required under Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 and Rule 16 of Companies (Share Capital and Debentures) Rules, 2014 are given below:

Item 1:

a) Total number of options to be granted:

A total of 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] would be available for being granted to eligible employees of the Company under ESOP 2019. Each option when exercised would be converted into one Equity Share of Rs.10/- each fully paid-up.

Options lapsed or cancelled due to any reason including the reason of lapse of exercise period or due to resignation of the employees/ Directors 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 ESOP 2019.

In case of any corporate action (s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment will be made to the options granted. Accordingly, if any additional equity shares are required to be issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] options/ equity shares shall be deemed to increase to the extent of such additional equity shares issued.

b) Identification of classes of employees entitled to participate in the ESOP 2019:

All permanent employees and whole-time or executive Directors (hereinafter referred to as "employees") of the Company shall be eligible subject to determination or selection by the Board.

However, following classes of employees/ Directors shall not be eligible who are:

- a. Independent Directors;
- b. Promoters or persons belonging to promoter group; and
- c. Director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

c) **Appraisal Process for determining the eligibility of the employees to Employee Stock Options:**

The options shall be granted to the employees as per performance appraisal system of the Company or where the Board may determine the eligibility criteria for the employees under the ESOP 2019 based on their evaluation on various parameters, such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be deemed appropriate by it

d) **Requirements of vesting and period of vesting:**

The options granted shall vest so long as the employee continues to be in the employment of the Company, as the case may be. The Board may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The vesting period of options granted shall vest in not earlier than **1 (one) year** and not more than **4 (four) years** from the date of grant of such options. The exact proportion in which and the exact period over which the options would vest would be determined by the Board, subject to the minimum vesting period of one year from the date of grant of options.

e) **The maximum period within which the options shall be vested:**

The options granted shall vest not later than **4 (four) years** from the date of grant of such options.

f) **Exercise price or pricing formula:**

The Exercise Price per Option shall be determined by the Committee and shall not be less than the face value of the shares of the Company as on date of grant.

g) **Exercise Period and the process of exercise:**

The vested options can be exercised by the option grantees only in connection with or upon happening of a liquidity event (the term "Liquidity Event" has been defined in the Plan) and within such period as prescribed by the Committee in this regard.

The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Committee from time to time. The options will lapse if not exercised within the specified exercise period.

h) **Lock-in period:**

The shares issued pursuant to exercise of options shall not be subject to any lock-in period restriction except such restrictions as may be prescribed under any policy of the Company on disposal of Company securities and provisions of applicable laws particularly after listing of securities of the Company.

i) **Maximum number of options to be issued per employee and in aggregate:**

Number of options that may be granted to an employee under the ESOP 2019 shall not exceed 7,99,516 [Seven Lac Ninety Nine Thousand Five Hundred and Sixteen only] in aggregate per employee under ESOP 2019 or any such ceiling number of options as may be determined by the Committee within such limit with respect to an individual employee.

j) Method of option valuation:

To calculate the employee compensation cost, the Company shall use the Fair Value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value Method, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

k) The conditions under which option vested in employees may lapse:

The vested options shall lapse in case of termination of employment due to misconduct or due to breach of Company policies or the terms of employment. Further, irrespective of employment status, in case vested options are not exercised within the prescribed exercise period, then such vested options shall lapse.

l) The 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:

In case of resignation/ termination (other than due to misconduct) all the vested options as on that date can be exercised by the employee only upon or in connection with liquidity event and within such period as shall be notified by the Committee in this regard.

m) Route of administration of ESOP 2019 :

The Company shall administer the ESOP 2019 through the trust route.

n) Disclosure and Accounting Policies:

The Company shall comply with the disclosure and the accounting policies prescribed as per prevailing Accounting guidelines and upon listing of securities of the Company, the Company shall comply with the accounting policies and disclosure requirements as prescribed under Regulation 15 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

As the ESOP 2019 provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 by way of a special resolution.

A draft copy of the ESOP 2019 is available for inspection at the Company's Registered Office during official hours on all working days till the date of the Extraordinary General Meeting.

None of the Directors, or Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested in these resolution, except to the extent of the securities that may be offered to them under the ESOP 2019.

Accordingly, your Board recommends passing of the resolutions as set out in the accompanying notice.

Item 2:

The Company intends to implement IKF Finance Limited - Employee Stock Option Plan 2019 (“ESOP 2019”) with a view to attract and retain key talents working with the Company by dealing in of shares for its implementation.

Accordingly, the Board of Directors at its meeting held on 17.01.2019, has accorded its approval to set-up an Employee Welfare Trust namely IKF Finance Employee Welfare Trust (“Trust”) and 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 not exceeding five percent of the paid up capital and free reserves of the Company as on 31st March, 2019, as prescribed under Rule 16 of the Companies (Share Capital and Debenture) Rules, 2014 (Companies Rules).

Particulars in respect of the Trust:

a) The class of employees for whose benefit the ESOP 2019 is being implemented and money is being provided for purchase of the shares:

The ESOP 2019 is being implemented and money is being provided for purchase of shares for the benefit of employees within the meaning of the ESOP 2019. The class/ classes of employees who are eligible subject to selection by the Board are as under:

- i. a permanent employee of the Company working in or out of India; or
- ii. a whole-time or executive Director of the Company,

But does not include:

- (a) an employee who is a Promoter or a person belonging to the Promoter Group;
- (b) a Director who either by himself /herself or through his/her relatives or through any body corporate, directly or indirectly, holds more than 10% of the issued and subscribed Shares of the Company; and
- (c) an Independent Director of the Company within the meaning of the Companies Act.

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 purchase and hold the Equity shares of the Company in due compliance of the relevant provisions of Companies Rules. The trustees shall transfer the equity shares in favour of the employees on exercise of the employee stock options after realization 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 IKF Finance Employee Welfare Trust having its principal office at #40-1-144, Corporate Centre, M.G.Road, Vijayawada-520010, Andhra Pradesh .

Particulars of the Trustees

S. No.	Name	Address	Occupation	Nationality
1	Mr. Vankineni Purnachandra Rao	Door No: 7B-11-9, Eastern Street, Eluru - 534001 West Godavari(Dt), Andhra Pradesh	Business	Indian
2	Mr. Katragadda Vijaya Kumar	Door No.: 32-9-9/B, Mogalrajpuram, Vijayawada – 520010 Krishna District. Andhra Pradesh	Business	Indian
3	Mr. Utkarsh Gautam	C2/404, Kamal Apartments 1, near ram mandir, bani park, Jaipur, Rajasthan- 302006	Service	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 ESOP 2019. However, key managerial personnel and Directors will be covered under the ESOP 2019 in due compliance with relevant Companies Rules.

Any key managerial personnel, Director or promoter does not relate to the Trust.

e) **The detailed particulars of benefits which will accrue to the employees from the implementation of the ESOP 2019:**

The eligible employees shall be granted Employee Stock Options under the ESOP 2019 which would vest subject to vesting conditions prescribed by the Committee. 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 under the ESOP 2019 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 them after due process of exercise of Options.

Consent of the members is being sought by way of a special resolution pursuant to the Rule 16 of the Companies Rules.

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 ESOP 2019.

The Directors recommend the resolution for your approval.

*by order of the Board of Directors
for IKF Finance Limited*

*(Ch Sreenivasa Rao)
Company Secretary*

*Place: Vijayawada
Date: 25.01.2019.*

IKF FINANCE LIMITED

Regd. Office: 40-1-144,3rd FLOOR, Corporate Centre, M.G.Road, Vijayawada, Andhra Pradesh-520010

Form No. MGT- 11

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:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/ We, being the member (s) of shares of the above named company, hereby appoint
Name:.....
E-mail Id:

Address:.....

Signature: or failing him

Signature: or failing him 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 the Company, to be held on Monday, 18th February, 2019 at 10:30 a.m at the registered office of the Company situated at Office 40-1-144,3rd Floor, Corporate Centre, M.G.Road, Vijayawada, Andhra Pradesh-520010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl No	Special Businesses	For	Against	Abstain
1	Approval of 'IKF Finance Limited - Employee Stock Option Plan 2019'			
2	Approval of grant of loan to the IKF Finance Employee Welfare Trust			

Signed this..... day of 2019

Signature of shareholder..... Signature of Proxy holder(s)

Affix Revenue Stamp

Note:

This form of proxy in order to be effective should be duly completed and deposited at Registered Office of the Company, not less than 48hours before the commencement of the Meeting.

IKF FINANCE LIMITED

Regd. Office: 40-1-144,3rd FLOOR, Corporate Centre, M.G.Road, Vijayawada, Andhra Pradesh-520010
(To be handed over at entrance of the Meeting Venue)

ATTENDANCE SLIP

Folio No. DP. ID No./ Client ID

.....

Name of the Member Signature

.....

Name of Proxy Holder Signature

.....

No. of share held

.E-mail ID

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Extraordinary General Meeting of the Company to be held on Monday, 18th day of February 2019 at 10.30 a.m at the registered office of the Company situated at Office 40-1-144,3rd Floor, Corporate Centre, M.G.Road, Vijayawada, Andhra Pradesh-520010

1. Only Member/Proxy holder can attend the Meeting.
2. Member/Proxy holder should bring his/her copy of the Annual Report for reference at the Meeting.

Note: Please fill this Admission Slip and hand it over at the entrance. Shareholders who come to attend the meeting are requested to bring the copies of the Notice of AGM also with them.

IKF Finance Limited
Address :#40-1-144, Corporate Centre, M.G.Road, Vijayawada-520010.

Route Map

