

NOTICE OF EXTRA-ORDINARY GENERAL MEETING

Notice is hereby given that the **EXTRA-ORDINARY GENERAL MEETING** of the members of **STARAGRI FINANCE LIMITED** will be held on MONDAY, JUNE 1, 2015, at 11.00 AM at 3rd Floor, Wing B-1, NSE Exchange Plaza, Plot No C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai -400051 to transact the following businesses:

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), and necessary approval(s), if any, from the competent authorities, the Main object clause of the Memorandum of Association of the Company be and is hereby altered by incorporating the following new clause after the existing clause 1 thereof:

2. *“To carry on the business of soliciting or procuring insurance business as a corporate agent”*

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things and to sign all such documents, papers and writings as may be necessary to give effect to the resolution.”

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

“RESOLVED THAT pursuant to Section 62(1)(b) of the Companies Act, 2013 and the applicable provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), (the **“Act”**), the relevant provisions of the Memorandum of Association and Articles of Association of the Company, , such approval(s), consents, permissions and/or sanctions as may be required from appropriate regulatory authorities/institutions and subject to such terms and conditions as may be prescribed/imposed by such authorities/institutions, 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 Committee thereof exercising the powers conferred on the Board by this Resolution) to grant, offer and issue employee stock options to subscribe up to 1,12,50,000 (One Crore Twelve Lacs Fifty Thousand)

Equity Shares of the Company (hereinafter referred to as SFL Employee Stock Option Plan – 2015 (“**ESOP Scheme**”) to the benefit of such persons who are in the permanent employment of the Company including any Directors, whether whole time or otherwise, of the Company (hereinafter referred to as ‘**Employees**’ or ‘**said Employees**’), at such price, on such terms and conditions and in such tranches as may be determined by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above but subject to the terms mentioned in the explanatory statement to this Resolution, which are hereby approved by the Members or any amendment or modification thereof, the Board be and is hereby authorised to institute and implement the ESOP Scheme as per the Plan hereby specifically approved by the Members with authority to the Board to modify the same in such manner as may be deemed fit by the Board, detailing the terms for granting of stock options (including terms relating to eligibility of the said Employees under the ESOP Scheme), to determine, in its absolute discretion, as to when the said stock options are to be issued (or beneficial interest therein), the number of stock options to be issued in each tranche, the terms or combination of terms subject to which the said stock options are to be issued (including the combination of terms for stock options issued at various points of time), the manner in which the ESOP Scheme would be administered and implementing the ESOP Scheme, terms relating to specified time within which the said Employees should exercise his right, if any, to purchase the shares in the event of his termination or resignation or other events, terms relating to dividend on the shares to be issued and all such other terms as could be applicable to the offerings of similar nature.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and/or others, if any additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 1,12,50,000 (One Crore Twelve Lacs Fifty Thousand) Equity Shares of the Company shall be suitably adjusted/increased.

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 ESOP Scheme 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 allottees.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid ESOP Scheme, shall in all respects rank pari passu

inter se and shall also in all respects rank pari passu with the then existing equity shares of the Company.

RESOLVED FURTHER THAT as it is required, the Company shall confirm to the applicable accounting policies, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications in the said ESOP Scheme, as it may deem fit, from time to time in its absolute discretion in conformity with the provisions of the Act, the Memorandum of Association and Articles of Association of the Company. .

RESOLVED FURTHER THAT the Board, subject to the Act, be and is hereby authorised to settle all issues that may arise in relation to the formulation and implementation of the ESOP Scheme and to the issuance of the equity shares or beneficial interest therein (including to amend or modify any of the terms thereof) without being required to seek any further consent or approval of the Members.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts and execute all such documents, as it may in its absolute discretion deem necessary.”

3. To consider and if thought fit, to pass with or without modification, the following resolution as an **Special Resolution**:-

“RESOLVED THAT pursuant to Section 62(1)(b) of the Companies Act, 2013 and the applicable provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), (the **“Act”**), the relevant provisions of the Memorandum of Association and Articles of Association of the Company, , such approval(s), consents, permissions and/or sanctions as may be required from appropriate regulatory authorities/institutions and subject to such terms and conditions as may be prescribed/imposed by such authorities/institutions, 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 Committee thereof exercising the powers conferred on the Board by this Resolution) to grant, offer and issue employee stock options to subscribe up to 1,12,50,000 (One Crore Twelve Lacs Fifty Thousand) Equity Shares of the Company (hereinafter referred to as SFL Employee Stock Option Plan – 2015 (**“ESOP Scheme”**)) not exceeding such equity shares of the Company as mentioned in Resolution under Item No. 2 above, to or to the benefit of such persons who are in the permanent employment of the Holding company and/or Subsidiaries company(ies) of the Company, present or future including any Directors, whether whole time or otherwise, (hereinafter referred to as **‘Employees’** or **‘said Employees’**), at such price, on such terms and conditions and in such tranches as may be determined by the Board.

RESOLVED FURTHER THAT without prejudice to the generality of the above but subject to the terms mentioned in the explanatory statement to this Resolution, which are hereby approved by the Members or any amendment or modification thereof, the Board be and is hereby authorised to institute and implement the ESOP Scheme as per the Plan hereby specifically approved by the Members with authority to the Board to modify the same in such manner as may be deemed fit by the Board, detailing the terms for granting of stock options (including terms relating to eligibility of the said Employees under the ESOP Scheme), to determine, in its absolute discretion, as to when the said stock options are to be issued (or beneficial interest therein), the number of stock options to be issued in each tranche, the terms or combination of terms subject to which the said stock options are to be issued (including the combination of terms for stock options issued at various points of time), the manner in which the ESOP Scheme would be administered and implementing the ESOP Scheme, terms relating to specified time within which the said Employees should exercise his right, if any, to purchase the shares in the event of his termination or resignation or other events, terms relating to dividend on the shares to be issued and all such other terms as could be applicable to the offerings of similar nature.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and/or others, if any additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 1,12,50,000 (One Crore Twelve Lacs Fifty Thousand) Equity Shares of the Company shall be suitably adjusted/increased.

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 ESOP Scheme 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 allottees.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid ESOP Scheme, shall in all respects rank pari passu inter se and shall also in all respects rank pari passu with the then existing equity shares of the Company.

RESOLVED FURTHER THAT as it is required, the Company shall confirm to the applicable accounting policies, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications in the said ESOP Scheme, as it may deem fit, from time to time in its absolute discretion in conformity with the provisions of the Act and Regulations, the Memorandum of Association and Articles of Association of the Company. .

RESOLVED FURTHER THAT the Board, subject to the Act, be and is hereby authorised to settle all issues that may arise in relation to the formulation and implementation of the ESOP Scheme and to the issuance of the equity shares or beneficial interest therein (including to amend or modify any of the terms thereof) without being required to seek any further consent or approval of the Members.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts and execute all such documents, as it may in its absolute discretion deem necessary.”

By Order of the Board of Directors

Sunil Lotke
Head-Legal, Compliance & Company Secretary

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of him and such proxy need not be a Member of the Company.

The proxy form duly completed should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.

2. Corporate Members are required to send to the Company Secretary a certified copy of the Board Resolution, pursuant to section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at EGM.

3. Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at this EGM is annexed.

4. Members are requested to:

(a) Notify immediately any change in their address to the Company.

(b) Quote their Folio Numbers in all correspondence with the Company.

5. Members seeking any detailed information with regard to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESS:

Item No. 1

Company being a Non Banking Finance Company intends to act as a corporate agent of the insurance company in order to leverage the proposed branch network. As per the guidelines issued by RBI, NBFC may act as a corporate agent to Insurance company for commission or fees. In view of above, Company has initiated negotiations with Future Generali India Life Insurance Corporation of India.

The Board may also note that in order to act as corporate agent it is required to obtain license from Insurance Regulatory and Development Authority of India (IRDA). Further, it also requires alteration of the object clause of the Memorandum of Association of the Company with the approval of the members of the Company.

The Board recommends these resolutions for approval by the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item except as members.

Item No. 2 & 3

As you are aware, the Company is engaged in the financial services industry and accordingly, the success of the Company's objectives are largely determined by the quality of its work force and their long term commitment to the Company objectives. It is therefore, necessary to not only provide good employment opportunities across the organization but to also additionally motivate and incentivise them by aligning their interest with the interest of the organization in the long run. In the light of the pace of growth of the Company, the increase in the scope of its operations within financial services, the senior hires undertaken by the Company and the pool of talent recruited/to be recruited at different levels in the organization/its holding company, it is necessary that the Company undertakes and implement the ESOP Scheme to issue shares/stock options over 1,12,50,000 (One Crore Twelve Lacs Fifty Thousand) Equity Shares of the Company, in a manner which enables it to attract, retain, motivate and incentivise employees at all levels.

Accordingly, the Board of Directors of the Company ("**Board**") have approved and formulated the draft of the ESOP Plan & Scheme for Employees/ Directors of the Company including the Employees/Directors of its holding company ("**Employees**") in accordance with Companies Act, 2013 and the applicable provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), (the "**Act**") with the objective of rewarding the Employees for building up the value of the Company and for providing to the Employees a sense of ownership of and participation in the Company and also to provide them with an opportunity to share in the value creation in its business. Your Board considers it appropriate to extend the

ESOP Plan & Scheme to the Employees of the Company and also the Company's holding company, as may be decided by the Board or a Committee thereof, to motivate and retain the best talent.

In terms of the Rule 12(1) of the Companies (Share Capital and Debentures) Rules, 2014, no options can be offered to employees of the Company unless the existing Members approves ESOS by passing a Special Resolution in the general meeting and accordingly, the Resolution(s) at item no. 2 & 3, seek your approval to the issue of further equity shares under the ESOP Scheme to the Employees. The other details including the disclosures pursuant to the requirements of the Act are as under:

<p>Total number of options to be granted</p>	<p>A maximum of 1,12,50,000 (One Crore Twelve Lacs Fifty Thousand) Equity Shares of the Company , subject to adjustments as may be required due to any corporate action.</p> <p>Each option is convertible into/or equal to one equity share of the Company.</p>
<p>Identification of classes of Employees entitled to participate in the ESOP 2015</p>	<p>All permanent Employees and Directors (both Executive Directors as well as Non-Executive and/or Independent Directors) of the Company, its holding company and such other entities/individuals as may be permitted under the laws, rules, guidelines etc. applicable in this regard and as may be decided by the Nomination and Remuneration Committee from time to time, shall be eligible to participate in ESOP Scheme.</p> <p>An Employee(s) or Director(s) who is a promoter or belongs to the promoter or promoter group and any other entities/individuals specifically restrained under laws, rules, guidelines etc. applicable in this regard, shall not be eligible to participate in ESOP Scheme.</p> <p>Further, any Director of the Company who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company shall not be eligible to participate in ESOP Scheme.</p>
<p>Requirements of vesting and period of vesting</p>	<p>Requirements of Vesting</p> <p>For the purpose of Vesting, the person should be an Employee, on the day of Vesting as per ESOP Scheme. The Nomination and Remuneration Committee may, at its discretion, lay down certain factors on the basis of which the options granted would vest. The detailed terms and conditions relating to such vesting, the period</p>

	<p>over which and the proportion in which the stock options granted would vest, will be specified in the stock option grant documents (subject to the minimum and maximum vesting period as specified below).</p> <p>Period & Proportion of Vesting</p> <p>Vesting of option granted under ESOP Scheme shall be on such date(s) and in such proportion as may be determined by the Nomination and Remuneration Committee as on the date of grant of the option in question. However, such options, shall vest not less than 1 (one) year and not more than 5 (five) years from the date of grant of an option.</p>
Maximum period within which the options shall be vested	The maximum period within which the options shall be Vested is 5 (five) years from the date of grant of option.
Exercise Price, pricing formula	<p>The options can be exercised at any of the following price as may be determined by the Nomination and Remuneration Committee at its sole discretion in respect of each grant under ESOP 2015:</p> <p>(i) Market Price / Fair Value or</p> <p>(ii) Such price as may be determined by the Nomination and Remuneration Committee, rounded off to the nearest rupee.</p> <p>Market Price/Fair Value shall be as determined by the method which the Nomination and Remuneration Committee may approve in accordance with applicable accounting standards.</p>
Exercise period and process of exercise	The options shall be capable of being exercised within a period of 7 (Seven) years from the date of Vesting of respective options.
Appraisal process for determining the eligibility of Employees to the ESOP 2015	<p>The appraisal process as may be determined by the Nomination and Remuneration Committee in accordance with ESOP Scheme shall broadly include following parameters for evaluating the eligibility of the Employees for the grant of options,</p> <ol style="list-style-type: none"> 1. Length of service, 2. Professional qualification(s), 3. Role/criticality of the employee, 4. Performance during his tenure with the Company, 5. Special achievements during his tenure,

	<p>6. Contribution of employee to the growth of the Company,</p> <p>7. Other factors proving the eligibility of the Employee for grant of options.</p>
<p>Maximum number of options to be offered to each Employee/Director</p>	<p>No Employee shall be granted, in any fiscal year of the Company, options aggregating to more than 1% of the outstanding issued share capital as on the date of grant, (excluding outstanding options and conversions). Notwithstanding the foregoing, pursuant to a specific Special Resolution passed by the Members of the Company in General Meeting, the Compensation Committee may grant to the Employee(s) mentioned in such Special Resolution, options aggregating to shares exceeding 1% of the outstanding issued share capital as on the date of the grant (excluding outstanding options and conversions).</p>
<p>Method which the Company shall use to value its option (whether fair value or intrinsic value)</p>	<p>The Company shall be using the intrinsic value method or such other method as may be permissible under the Act.</p>
<p>Conditions under which options vested with the employees may lapse</p>	<p>Vested options shall be lapsed on expiry of the exercise period, resignation and on such terms and conditions as per the approved ESOP Plan and Scheme and as may determined by the Nomination & Remuneration Committee.</p>
<p>Specified time period within which the employees shall exercise the vested option in the event of proposed termination or resignation of the employee</p>	<p>Shall be as per the approved ESOP Plan & Scheme.</p>

The Company shall comply with accounting policies and standards as may be applicable to the Company from time to time.

The draft ESOP Scheme is open for inspection by the Members between 2:00 p.m. to 5:00 p.m. on all working days of the Company at its registered office. The stock options to be granted under the ESOP Scheme shall not be treated as an offer or invitation made to public for subscription to the securities of the Company.

Your Directors recommend the Resolution(s) for your approval.

None of the Directors or KMPs of the Company is, in any way, concerned or interested in the Resolution(s) except to the extent of stock options that may be offered to them under the ESOP Scheme.

By Order of the Board of Directors

Sunil Lotke
Head-Legal, Compliance & Company Secretary