Magma Fincorp Limited
Regd. Office
Magma House
24 Park Street, Kolkata 700 016
T: 91 33 4401 7350 / 7200
F: 91 33 2264 7424, 4402 7727
E: magma@magma.co.in

MAGMA
Investing in the smallest dream

May 23, 2011

Corporate Relationship Department
Bombay Stock Exchange Limited
25th Floor, P.J. Towers, Dalal Street, Fort,
Mumbai – 400 001

Company Code - 524000

The Manager
Listing Department,
National Stock Exchange
"Exchange Plaza"
Bandra- Kurla Complex, Bandra (E),
Mumbai – 400 051

Symbol - MAGMA

Sub:

Board Meeting: Issue of Equity shares on preferential basis to ZEND MAURITIUS VC INVESTMENTS, LIMITED and INTERNATIONAL FINANCE CORPORATION

Dear Sir,

The Board of Directors of the Company at their Meeting held on 23rd May,2011 have proposed to issue following Equity Shares on preferential basis under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 :

1. 14.95% of the Equity Share Capital of the Company to Zend Mauritius VC Investments Limited (a fund within the private equity division of Kohlberg, Kravis Roberts & Co. LP), as on the proposed date of issuance of Equity Shares to Zend Mauritius VC Investments, Limited and International Finance Corporation, represented by 2,68,54,375 Equity shares of the Company having a face value of Rs.2/- each.

2 Upto 2,30,00,000 Equity Shares of the Company having a face value of Rs 2/- each to International Finance Corporation.

The aforesaid issue of Equity Shares is subject to the approval of the Members under the provisions of Section 81(1A) of the Companies Act, 1956 and will be in terms of Chapter VII (Preferential) issue of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable Rules /Regulations /Guidelines of Securities and Exchange Board of India, Reserve Bank of India and other Regulatory authorities.

Magma Fincorp Limited
Regd. Office
Magma House
24 Park Street, Kolkata 700 016
T: 91 33 4401 7350 / 7200
F: 91 33 2264 7424, 4402 7727
E: magma@magma.co.in

MAGMA
Investing in the smallest dream

(2)

The Equity Shares will be issued at a price being the higher of the following:

-The average of weekly high and low of the closing prices of the related Equity shares quoted on the recognized Stock Exchange during the six months preceding the "relevant date";

-The average of weekly high and low of the closing prices of related Equity shares quoted on the recognized Stock Exchange during the two weeks preceding the "relevant date"; or

-Rs.88/- per Equity share (having a face value of Rs.2/- each and a premium of Rs. 86/- (Rupees Eighty Six Only)

The relevant date for the determination of the applicable price for the Equity shares would be the date being 30 days prior to the date on which the General Meeting of the shareholders will be held.

This is for your information and records and doing the needful.

Thanking you,
Yours faithfully,
For **MAGMA FINCORP LIMITED**

Girish Bhatia
Company Secretary