Notice

To all the Members of the Company

Notice is hereby given that the 31st Annual General Meeting of the Shareholders of the Company shall be held at Kala Kunj Auditorium, 48, Shakespeare Sarani, Kolkata – 700 017 ,West-Bengal at 10.30 A.M on Tuesday, 21st June, 2011, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011, the Audited Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To declare Dividend on Equity and Preference Shares.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. APPOINTMENT OF MR SATYA BRATA GANGULY AS A DIRECTOR OF THE COMPANY

   To consider and, if thought fit, to pass with or without modification(s) the following Resolutions as an **Ordinary Resolution:-**

   "**RESOLVED THAT** Mr. Satya Brata Ganguly who was appointed by the Board as an Additional Director of the Company with effect from 16.7.2010 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation in terms of the Articles of Association of the Company."

6. RE-APPOINTMENT OF MR. MAYANK PODDAR AS EXECUTIVE CHAIRMAN

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

   "**RESOLVED THAT** in terms of the Articles of Association of the Company and pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') read with Schedule XIII and all other applicable guidelines for Managerial Remuneration issued by the Central Government from time to time, the Company hereby approves the re-appointment of Mr. Mayank Poddar (Mr. Poddar), as Executive Chairman of the Company for a period of 5 (five) years with effect from 1st July, 2011 made by the Board of Directors on the following terms and conditions :-

   A. Basic Salary – Rs. 2,50,000 /- per month with an annual increment to be decided by the Board of Directors on merit at its absolute discretion, which shall however be only so done so as not to exceed the maximum permissible limits of managerial remuneration under the Act, payable without the approval of the Central Government. However first such increment shall be due only on 1st July, 2012 and thereafter on the completion of every 12 months.

   B. Perquisites / Benefits – In addition to the above salary, Mr. Poddar shall also be entitled to the following perquisites / benefits as detailed in Categories 'A', 'B' and 'C'.

Category 'A'

1) Housing :

   (a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to the following ceiling: Sixty percent of the basic salary.

   (b) In case of Company's own accommodation, 10% of the basic salary of Mr. Poddar shall be deducted by the Company.

(c) In case no accommodation is provided by the Company, Mr. Poddar shall be entitled to house rent allowance subject to the ceiling laid down in para No. (a) above.

2) Medical Reimbursement :
Expenses incurred for himself and his family in accordance with the Rules of the Company subject to an overall ceiling of Rs.15,000/- per annum.

3) Leave Travel Concession :
For himself and his family once in a year, incurred in accordance with the Rules of the Company, subject to a maximum of one month's basic salary per annum.

4) Club Fees :
Fees of Clubs subject to a maximum of Rs.30,000/- per annum.

5) Books and Periodicals :
Reimbursement upto a maximum of Rs.1,000/- per month.

6) Bonus :
Equivalent to one month's basic salary.

Category 'B'

i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

ii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category 'C'

The Company shall provide a car with a driver and a telephone at his residence. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company on actual basis to Mr. Poddar.

Mr. Poddar will not be entitled to any sitting fee for attending Meetings of the Board or any Committee thereof."

7. RE-APPOINTMENT OF MR. SANJAY CHAMRIA AS VICE – CHAIRMAN & MANAGING DIRECTOR

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

"**RESOLVED THAT** in terms of the Articles of Association of the Company and pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') read with Schedule XIII and all other applicable guidelines for Managerial Remuneration issued by the Central Government from time to time, the Company hereby approves the re-appointment of Mr. Sanjay Chamria (Mr. Chamria), as the Vice - Chairman & Managing Director of the Company for a period of 5 (five) years with effect from 1st April, 2011 made by the Board of Directors on the following terms and conditions :-

Basic Salary – Rs.2,50,000/- per month with an annual increment to be decided by the Board of Directors on merit at its absolute discretion, which shall however be only so done so as not to exceed the maximum permissible limits of managerial remuneration under the Act, payable without the approval of the Central Government. The first such increment shall be due only on 1st April, 2012 and thereafter on the completion of every 12 months.

Perquisites / Benefits – In addition to the above salary, Mr. Chamria shall also be entitled to the following perquisites / benefits as detailed in Categories 'A', 'B' and 'C'.

Category 'A'

1) Housing :
(a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to the following ceiling: Sixty percent of the basic salary.

(b) In case of Company's own accommodation, 10% of the basic salary of Mr. Chamria shall be deducted by the Company.

(c) In case no accommodation is provided by the Company, Mr. Chamria shall be entitled to house rent allowance subject to the ceiling laid down in para No. (a) above.

2) Medical Reimbursement :
Expenses incurred for himself and his family in accordance with the Rules of the Company subject to an overall ceiling of Rs.15,000/- per annum.

3) Leave Travel Concession :
For himself and his family once in a year, incurred in accordance with the Rules of the Company, subject to a maximum of one month's basic salary per annum.

4) Club Fees :
Fees of Clubs subject to a maximum of Rs.30,000/- per annum.

5) Books and Periodicals :
Reimbursement upto a maximum of Rs.1,000/- per month.

6) Bonus :
Equivalent to one month's basic salary.

Category 'B'

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category 'C'

The Company shall provide a car with a driver and a telephone at his residence. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance telephone calls and use of car for private purpose shall be billed by the Company on actual basis to Mr. Chamria.

Mr. Chamria will not be entitled to any sitting fee for attending Meetings of the Board or any Committee thereof."

8. PAYMENT OF COMMISSION TO NON EXECUTIVE INDEPENDENT DIRECTORS

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

"**RESOLVED THAT** subject to the provisions of Sec 198, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Non Executive Independent Directors of the Company be paid , in addition to the sitting fees for attending the meetings of the Board or Committees thereof, a Commission of an amount not exceeding the maximum limit of 1% of the Net Profits of the Company per annum in the aggregate as specified in the first proviso to Section 309(4) of the Companies Act, 1956, for a period of 5 years with effect from the financial year ending 31st March, 2011.

RESOLVED FURTHER THAT the quantum of commission payable to each of the Non- Executive Directors for each year may be decided by the Board as it may deem fit

RESOLVED FURTHER THAT Mr. Girish Bhatia, Company Secretary of the Company be and is hereby authorised to take such actions, deeds and things as may be considered necessary or desirable for giving effect to this Resolution."

9. RE-CLASSIFICATION OF THE AUTHORISED SHARE CAPITAL OF THE COMPANY

To consider and if thought fit, to pass with or without modification(s), the following Resolutions as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the provisions of the Memorandum of Association and Articles of Association of the Company and such other approvals, consents, permissions and sanctions as may be necessary, consent of the shareholders be and is hereby accorded that the existing Authorised Share Capital of the Company of Rs. 285,00,00,000/- (Rupees Two

Hundred Eighty Five Crores Only) divided into 17,50,00,000 (Seventeen Crores and Fifty Lacs) Equity Shares of the face value of Rs. 2/- (Rupees Two) each aggregating Rs.35,00,00,000/- (Rupees Thirty Five Crores) and 2,50,00,000 (Two Crores Fifty Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each aggregating Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores) be and is hereby reclassified into 22,00,00,000 (Twenty Two Crores) Equity Shares of the face value of Rs. 2/- (Rupees Two) each aggregating to Rs. 44,00,00,000/- (Rupees Forty Four Crores only) and 2,41,00,000 (Two Crore Forty One Lakhs) Preference Shares of Rs. 100/- (Rupees One Hundred only) each aggregating Rs.241,00,00,000/- (Rupees Two Hundred and Forty One Crores only) and Clause V in the Memorandum of Association of the Company would be accordingly altered.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association be deleted and be substituted by the following new Clause V:-

"The Authorised Share Capital of the Company is Rs. 285,00,00,000/- (Rupees Two Hundred Eighty Five Crores only) divided into 22,00,00,000 (Twenty Two Crores) Equity Shares of the face value of Rs. 2/- (Rupees Two) each aggregating to Rs. 44,00,00,000/- (Rupees Forty Four Crores only) and 2,41,00,000 (Two Crore Forty One Lakhs) Preference Shares of Rs. 100/- each (Rupees One Hundred only) each aggregating Rs.241,00,00,000/- (Rupees Two Hundred and Forty One Crores only) with power to increase or reduce the Share Capital of the Company and to divide the shares in the share capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate and/or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

RESOLVED FURTHER THAT any of the Directors of the Company or the Company Secretary of the Company be and are hereby severally authorised to take all such actions and do all such deeds as are necessary to reclassify the existing Authorised Share Capital of the Company in the manner as set out hereinabove and for this purpose to sign, verify, execute and file all necessary forms, agreements and documents, if any, with any governmental authority including but not limiting to the Registrar of Companies, West Bengal and such other authorities as may be required from time to time and to do all such acts, deeds, matters and things necessary or expedient to give effect the abovementioned reclassification."

10. **PREFERENTIAL ISSUE OF EQUITY SHARES IN FAVOUR OF INTERNATIONAL FINANCE CORPORATION AND ZEND MAURITIUS VC INVESTMENTS, LIMITED**

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

"**RESOLVED THAT** pursuant to provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, and such other statutes, notifications, rules and regulations as may be applicable and relevant, issued by the Reserve Bank of India ("the RBI"), the Securities & Exchange Board of India (the "SEBI"), Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be applicable, including the approval of the IFC Board and the enabling provisions of the Listing Agreements entered into by the Company with the relevant stock exchanges and the provisions of the Memorandum and the Articles of Association of the Company, the Board be and is hereby authorized, to create, offer, issue and allot, by way of preferential allotment, up to 2,30,00,000 (Two Crores Thirty Lakhs) equity shares of the Company having a face value of Rs.2/- (Rupees Two only) each, at premium of Rs. 86/- (Rupees Eighty Six only) per equity share, for an aggregate consideration of upto Rs. 202,40,00,000/-

(Rupees Two hundred and Two Crores and Forty Lakhs only), determined as per Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on Preferential Issue, in favour of International Finance Corporation ("IFC Equity Securities"). The IFC Equity Securities shall rank pari-passu in all respects with the existing equity securities of the Company.

"**RESOLVED THAT** pursuant to provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, and such other statutes, notifications, rules and regulations as may be applicable and relevant, issued by the Reserve Bank of India ("the RBI"), the Securities & Exchange Board of India (the "SEBI"), Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be applicable and the enabling provisions of the Listing Agreements entered into by the Company with the relevant stock exchanges and the provisions of the Memorandum and the Articles of Association of the Company, the Board be and is hereby authorized, to create, offer, issue and allot, by way of preferential allotment, 14.95% of the equity share capital as on the date of the proposed issuance to IFC and KKR (as defined below) ("Issuance Date"), represented by 2,68,54,375 equity shares of the Company having a face value of Rs.2/- (Rupees Two only) each, at premium of Rs. 86/- (Rupees Eighty Six only) per equity share, for an aggregate consideration of Rs. 236,31,85,000/- (Rupees Two Hundred and Thirty six Crores, Thirty One Lakhs and Eighty Five Thousand Only), determined as per Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on Preferential Issue, in favour of Zend Mauritius VC Investments, Limited (a fund within the private equity division of Kohlberg Kravis Roberts and Co. L. P.) ("KKR"), ("KKR Equity Securities"). The KKR Equity Securities shall rank pari-passu in all respects with the existing equity securities of the Company.

RESOLVED FURTHER THAT

(i) The "Relevant Date" for the purpose of pricing of issue of the equity shares as per SEBI Guidelines for Preferential Issue (Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009), and any amendments thereof, be fixed as 22nd May, 2011, being 30 days prior to 21st June, 2011 (i.e. 30 days prior to the date on which the meeting of the general body of shareholders is proposed to be held, in accordance with the provisions of Section 81(1A) of the Companies Act, 1956, to consider the proposed issue) and the "stock exchange" for the same purpose be fixed as "National Stock Exchange of India Limited".

(ii) The Board be and is hereby authorized to finalise the other terms and conditions of the issue of Equity Shares as it may deem expedient and execute such documents, agreements and provide such rights as the Board may deem fit or proper, without being required to seek any further consent or approval of the Company in General Meeting.

(iii) The offer, issue and allotment of the aforesaid shares shall be made within 15 days of the date of this resolution approved by the shareholders in their Meeting proposed to be held on 21st June, 2011. Provided that where the allotment is pending on account of pendency of any regulatory or Central Government approval(s), the allotment shall be completed within 15 days of such approval(s).

(iv) The shareholders of the Company shall exercise their voting rights to give effect to the terms of the Investment Agreements executed with KKR and with IFC, including without limitation to use their respective shareholder right to amend the Articles of Association of the Company to give effect to the provision of the investment agreements.

By Order of the Board of Directors
For MAGMA FINCORP LIMITED

Kolkata - 700 016.
Dated : 23rd May, 2011

GIRISH BHATIA
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 15th June, 2011 to Tuesday, the 21st June, 2011 (both days inclusive).
3. Explanatory Statement pursuant to the section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is enclosed.
4. Dividend on Equity Shares, if declared at the meeting will be paid to those members, whose names shall appear in the Company's Register of Members at the close of working hours of the Company as on Tuesday, the 14th June, 2011. In respect of the shares held in Electronic Form, the Dividend will be paid to those persons whose names shall appear as beneficial owners as at the end of the business hours on Tuesday, the 14th June, 2011 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
5. a. Dividends which remain unpaid / unclaimed over a period of seven years will have to be transferred by the Company to Investor Education and Protection Fund of the Central Government under Sections 205A & 205C of the Companies Act, 1956. Accordingly, all unpaid / unclaimed amounts in respect of dividends paid by the Company for the period ended 31st March, 2004 have to be transferred to the said fund. Shareholders are advised to encash the unpaid Dividend Warrants for the period ended 31st March, 2004 or any subsequent year, before transfer to the above referred Fund. No claim will be entertained thereafter by the Company. The details of the dates on which dividend should be transferred to the aforesaid fund is given below :-

	Erstwhile "Magma Leasing Limited" (MLL)		Erstwhile "Shrachi Infrastructure Finance Limited"	
Financial Year	Date of Declaration	Due for Transfer	Date of Declaration	Due for Transfer
2003-2004	30-09-2004	29-10-2011	-	-
2004-2005 (INTERIM)	-	-	31-01-2005	01-03-2012
2004-2005	29-07-2005	28-08-2012	26-08-2005	25-09-2012
2005-2006	31-07-2006	30-08-2013	25-08-2006	24-09-2013
2006-2007	04-09-2007	03-10-2014	Since merged with erstwhile MLL with effect from 01-04-2006	
2007-2008	23-08-2008	22-09-2015	Since merged with erstwhile MLL with effect from 01-04-2006	
2008-2009	11-09-2009	10-10-2016	Since merged with erstwhile MLL with effect from 01-04-2006	
2009-2010	15-07-2010	14-08-2017	Since merged with erstwhile MLL with effect from 01-04-2006	

b. Unclaimed Dividend: Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been sent to all members concerned on 20th May, 2011.

6. Securities and Exchange Board of India (SEBI) has made it mandatory for all the Companies to use the bank account details furnished by the Depositories for distributing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and bank details are available. Members are advised to avail ECS facility whereby the dividend will be directly credited electronically to their respective Bank Accounts. Members holding the Company's shares in dematerialized mode are requested to provide ECS particulars to their respective Depository Participants, if they have not done so already. Members holding the Company's shares in physical form who have not opted for ECS are requested to provide their ECS particulars in the enclosed 'ECS Mandate Form' and forward the same duly filled in and signed to the Company's Registrar and Share Transfer Agent at the earliest to avail this facility.

7. Members holding shares in physical form are requested to intimate change in their registered address mentioning full address in block letters with Pin code of the Post Office, mandate, bank particulars and Permanent Account Number (PAN) to the Company's Registrar and Share Transfer Agent and in case of members holding their shares in electronic form, this information should be given to their Depository Participants immediately.

8. Members holding shares in physical form and wishing to make / change a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956, may submit the prescribed particulars in Form 2B, to the Company.

9. Members are requested to bring their copy of Annual Report to the meeting. A member desirous of getting any information with regard to Accounts of the Company is requested to send the queries to the Company at least 10 days before the Annual General Meeting to the Company Secretary at the Registered Office of the Company.

10. Members are requested to mention their Folio Number/Client ID/DP ID Number (in case of shares held in dematerialized form) in all their correspondence with the Company/ Depository Participant in order to facilitate response to their queries promptly.

11. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission at the entrance to the place of the meeting.

12. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company, enclosing their share certificates, to enable the Company to consolidate their holdings in one folio.

13. As per the requirement of Clause 49 of the Listing Agreement on Corporate Governance for appointment of Directors/reappointment of the retiring Directors, a statement containing details of the concerned Directors is given below:

DETAILS OF DIRECTORS SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name	Mr.Nabankur Gupta	Mr. Satya Brata Ganguly
Date of birth	15th October, 1948	23rd October,1942
Date of appointment	22nd October, 2008	16th July, 2010
Qualification	B.Tech, AMP	• Chemical Engineer • Fellow of Plastics & Rubber (London) • Fellow of Institute of Chemical Engineers • Fellow of the Institute of Chemicals
Expertise in specific functional area	He has rich experience of over 35 years in the field of Rural Marketing & Business Development. He has been associated with leading companies and has held senior management positions. He is the founder of Nobby Brand Architects & Strategic Marketing Consultants. He is also the cofounder of Blue Ocean Capital & Advisory Services.	He has over 45 years experience in Corporate life, at the senior most positions. Currently Chairman Emeritus of India's largest automotive battery manufacturer, Mr Ganguly is also on the boards of various reputable Indian corporates and public bodies as an Independent Director.
List of outside *Directorships held excluding Alternate Directorship.	1. Raymond Ltd 2. Colorplus Fashions Ltd 3. B.P. Ergo Limited 4. Cravatex Limited 5. Lexicon Public Relations & Corporate Consultants Limited 6. J K Helene Curtis Ltd. 7. J K Investo Trade (India) Ltd 8. Pritish Nandy Communications Ltd. 9. PNC Wellness Limited	1. West Bengal Industrial Development Corporation Ltd. 2. The Calcutta Stock Exchange Association Ltd. 3. The Sundarban Infrastructure Development Corporation Ltd. 4. Century Plyboards (I) Ltd. 5. Paharpur Cooling Towers Ltd. 6. Emami Ltd. 7. Peerless Trust Management Company Ltd
Membership/ Chairmanship of **Committees of the Board of Directors of the Company	None	Chairman of the following Committee: 1. Shareholders'/Investors' Grievance Committee Member of the following Committee: 1. Audit Committee
Chairman/Member of the **Committee of the Board of Directors of other companies in which he/she is a Director	Chairman of the Audit Committee of 1. J K Investo Trade (India) Ltd Member of the Audit Committee of 1. Pritish Nandy Communications Ltd 2. Quantum Advisors Private Limited 3. Raymond Ltd Chairman of the Shareholders'/Investors' Grievance Redressal Committee of 1. Raymond Limited Member of the Shareholders'/Investors' Grievance Redressal Committee of 1. J K Investo Trade (India) Ltd	Member of the Audit Committee of 1. Century Plyboards (I) Ltd 2. Emami Limited 3. Peerless Trust Management Company Ltd 4. West Bengal Industrial Development Co. Ltd

Name	Mr.Nabankur Gupta	Mr. Satya Brata Ganguly
Number of shares held in the Company	Nil	Nil

* Excludes Directorships in Indian Private Limited Companies, Foreign Companies, Companies u/s 25 of the Companies Act, 1956

** Includes only Audit Committee and Shareholders'/Investors' Grievance Redressal Committee

By Order of the Board of Directors
For MAGMA FINCORP LIMITED

Kolkata - 700 016.
Dated : 23rd May, 2011

GIRISH BHATIA
Company Secretary

EXPLANATORY STATEMENT to the Notice convening the 31st Annual General Meeting to be held at Kala Kunj Auditorium,48, Shakespeare Sarani, Kolkata – 700 017 ,West-Bengal at 10.30 A.M on Tuesday, 21st June, 2011.

{Pursuant to Section 173(2) of the Companies Act, 1956 and SEBI Guidelines for Preferential Issue (Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009)}

ITEM NO 5

Mr. Satya Brata Ganguly, was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions contained in Article 103 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and the said Section he will hold office only upto the date of Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a member signifying his intention to propose him as a candidate for the office of the Director.

The Board of Directors recommend appointment of Mr. Satya Brata Ganguly to the office of Director.

None of the Directors of the Company, save and except Mr. Satya Brata Ganguly is interested in this Resolution.

ITEM NO 6

The Board of Directors of the Company ("Board") at their meeting held on 14th January, 2011 had re-appointed Mr. Mayank Poddar (Mr. Poddar) as the Executive Chairman of the Company on the existing remuneration until further revised, for a period of five years with effect from 1st July, 2011, which is subject to the final approval of the members at the General Meeting. The remuneration payable to Mr. Poddar as described in the resolution is decided by the remuneration committee of the Board of Directors and is within the limits prescribed under the Companies Act, 1956 and does not require the approval of the Central Government as prescribed under Schedule XIII of the Companies Act, 1956.

Considering the vast knowledge and rich business experience of Mr. Poddar, the Board recommends the passing of the said resolution in the interest of the Company.

None of the Directors, except Mr. Poddar, is in any way concerned or interested in the resolution.

ITEM NO 7

The Board of Directors of the Company ("Board") at their meeting held on 14th January, 2011 had re-appointed Mr. Sanjay Chamria (Mr. Chamria) as the Vice–Chairman & Managing Director of the Company on the existing remuneration until further revised for a period of five years with effect from 1st April, 2011 which is subject to the final approval of the members at the General Meeting. The remuneration payable to Mr. Chamria as described in the resolution is decided by the remuneration committee of the Board of Directors and is

within the limits prescribed under the Companies Act, 1956 and does not require the approval of the Central Government as prescribed under Schedule XIII of the Companies Act, 1956.

Considering the time and energy devoted by Mr. Chamria for the promotion of the business and his contribution in the growth of the Company, the Board recommends the passing of the said resolution in the interest of the Company.

None of the Directors, except Mr. Chamria, is in any way concerned or interested in the resolution.

ITEM NO 8

The roles and responsibilities of the Non-Executive Directors have undergone significant changes under Corporate Governance norms and made it more onerous for them, demanding their greater involvement in the supervision of the Company.

The compensation payable to the Independent Non-Executive Directors of companies should be adequate to attract independent professionals to take up these positions. This practice of payment of remuneration to Non- Executive Directors has been adopted by many leading companies in India.

The performance of the Company has also been very buoyant over the past few years.

Hence, approval of the shareholders is sought to enable the Company to make payment of remuneration in the form of commission to Independent Non-Executive Directors, commensurate with their enhanced role and involvement, in any case not exceeding the limit of 1% of the net profits of the Company per annum in the aggregate, as specified in the first proviso to Section 309(4) of the Companies Act, 1956. The quantum of commission payable to each of the Independent Non- Executive Directors for each year may be decided by the Board as it may deem fit for a period of 5 years with effect from the financial year ending 31st March, 2011.

The Board recommends the proposed resolution for your approval.

All the Independent Non- Executive Independent Directors viz, Mr. Narayan K. Seshadri, Mr. Nabankur Gupta, Mr. K.N. Bhndari, Mr. Neil Greame Brown and Mr. Satya Brata Ganguly are or deemed to be, interested in the resolution.

ITEM NO 9

The Company is proposing to raise finance by way of further issue of equity shares or through other instruments convertible into equity shares to finance its growth plans. The present authorised equity share capital may not be sufficient if further equity shares are issued. Accordingly your Board at its meeting held on May 23, 2011, subject to approval by the Company in General Meeting, has proposed to reclassify the present authorised share capital as per the details given in the Special Resolution as set out in the Notice.

The Board recommends the proposed resolution for your approval.

None of the Directors is in any way concerned or interested in the resolution.

ITEM NO 10

The Company is in need of fresh capital to achieve the future business plan contemplated by it in the next few years as also for the redemption of Preference capital as and when required. Accordingly your Board at its meeting held on May 23, 2011, subject to approval by the Company at its General Meeting and subject to receipt of requisite statutory approvals and consents, upon execution of appropriate legal documentation and fulfillment of the conditions mentioned therein, has proposed to issue equity shares to the proposed allottees on preferential placement basis as per the details given in the Special Resolution as set out in Item 10 of the Notice.

The offer, issue and allotment of upto 2,30,00,000 equity shares of a face value of Rs. 2/- (Rupees two only) each, of the Company in favour of International Finance Corporation ("IFC") and 14.95% of the equity share capital of the Company as on the date of the proposed issuance to IFC and Zend Mauritius VC Investments, Limited (a fund within the private equity division of Kohlberg Kravis Roberts and Co. L. P.) ("KKR"), represented by 2,68,54,375 (Two Crores, Sixty Eight Lakhs, Fifty Four Thousand, Three Hundred And Seventy Five) equity shares of a face value of Rs. 2/- (Rupees two only) each, of the Company in favour of KKR, as envisaged under the proposed special resolution set out in the Notice shall be made in accordance with Chapter VII of the Securities Exchange Board of India (Issue of Capital and

Disclosure Requirements) Regulations, 2009.

The equity shares shall be allotted at a price not less than higher of the following:

(a) The average of the weekly high and low of the closing prices of the related equity shares quoted on the recognised stock exchange during the 6 months preceding the relevant date; or

(b) The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognised stock exchange during the 2 weeks preceding the relevant date.

The Company shall undertake to re-compute the price of the Equity Shares proposed to be issued on a preferential basis when required to do so in terms of the SEBI (ICDR) Regulations.

The information as required under Regulation 73 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 is given herein below:

1. Objects of the Issue:

The business of the Company is growing rapidly. This will require additional capital and in order to meet this long term requirement of funds as well as to redeem existing Preference Shares, the Company proposes to issue the subject equity shares on a preferential basis.

2. Intention of Promoters/Directors/Key Management Persons to subscribe to the offer:

The Promoters/Directors/Key Management Persons would not be subscribing to the preferential issue approved by this resolution.

3. Shareholding Pattern before and after the offer:

Shareholding Pattern before and after the proposed issue based on the shareholding pattern as on May 20, 2011 is as follows:

Particulars		Before Allotment (As on 20th May, 2011)		After Allotment	
Category Code	Category of Shareholder	Total No. of Shares	Total Shareholding as a % of total No. of Shares	Total No. of Shares	Total Shareholding as a % of total No. of Shares
(A)	Total Shareholding of Promoter & Promoter Group				
'(1)	Indian				
(a)	Individual/HUF	7872353	6.066	7872353	4.383
(b)	Central Govt./ State Govt.	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	46155150	35.566	46155150	25.695
(d)	Fin.Institutions / Bank	Nil	Nil	Nil	Nil
(e)	Any Other	Nil	Nil	Nil	Nil
	Sub-Total of (A)(1)	54027503	41.632	54027503	30.078
'(2)	Foreign				
(a)	Individuals (NRIs/Foreign)	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil
(d)	Any Other	Nil	Nil	Nil	Nil
	Sub-Total of (A)(2)	Nil	Nil	Nil	Nil
Shareholding of Promoter & Promoter Group (A) = (A)(1)+(A)(2)		54027503	41.632	54027503	30.078

Particulars		Before Allotment (As on 20th May, 2011)		After Allotment	
Category Code	Category of Shareholder	Total No. of Shares	Total Shareholding as a % of total No. of Shares	Total No. of Shares	Total Shareholding as a % of total No. of Shares
(B)	Public Shareholding				
'(1)	Institutions				
(a)	Mutual Funds / UTI	2425858	1.869	2425858	1.350
(b)	Fin.Institutions / Banks	125940	0.097	125940	0.070
(c)	Central Govt./ State Govt.	Nil	Nil	Nil	Nil
(d)	Venture Capital	Nil	Nil	Nil	Nil
(e)	Insurance Company	Nil	Nil	Nil	Nil
(f)	Foreign Inst.Investors	49633002	38.246	49633002	27.631
(g)	Foreign VC Investors	Nil	Nil	Nil	Nil
(h)	Any Other				
	Foreign Bodies Corporate	5	0	26854380	14.950
	Multilateral Development Organization (IFC)	Nil	Nil	23000000	12.804
	Sub-Total (B)(1)	52184805	40.212	102039180	56.805
'(2)	Non-Institutions				
(a)	Bodies Corporate	10928631	8.421	10928631	6.084
(b)	Individuals				
	i.Individual Shareholders Holding Nominal Share upto Rs.1 Lakh	6029825	4.646	6029825	3.357
	ii.Individual Shareholders Holding Nominal Share greater than Rs.1 Lakh	2508339	1.933	2508339	1.397
(c)	Any Other				
	NRI/OCBs	652416	0.503	652416	0.363
	Trust	1518420	1.17	1518420	0.845
	Clearing Memb/Clearing Cor	1923611	1.482	1923611	1.071
	Sub-Total (B)(2)	23561242	18.156	23561242	13.117
	Total Public Shareholding (B) = (B)(1) + (B)(2)	75746047	58.368	125600422	69.922
	TOTAL (A)+(B)	129773550	100	179627925	100
(C)	Shares held by Custodians	Nil	Nil	Nil	Nil
	And against which DRs have	Nil	Nil	Nil	Nil
	been issued				
	GRAND TOTAL (A)+(B)+(C)	129773550	100	179627925	100

Note:

The proposed preferential allotment will not result in any change in the management control. Voting right shall change according to the change in shareholding pattern mentioned above.

4. Proposed time within which allotment shall be completed:
The allotment of the equity shares shall be made within 15 days of the date of this resolution. Provided that where the allotment is pending on account of pendency of any regulatory or Central Government approval(s), the allotment shall be completed within 15 days of such approval(s).

5. Auditor's Certificate
A copy of the certificate from the Auditors of the Company certifying that the issue is being made in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 will be available for inspection of the members at the registered office of the Company.

6. Lock-in
The proposed allottees, have not sold or transferred any Equity Shares of the company during the six months period prior to the relevant date and the proposed allottees do not have any pre issue shareholding in the Company. The equity shares allotted pursuant to the proposed preferential issue, shall be subject to applicable lock-in as per SEBI (ICDR) Regulations or any further amendments thereto or as per any requirement of the Stock Exchanges. Provided however that where the price of equity shares are re-computed as required under the provisions of the SEBI (ICDR) Regulations, and if the amount payable by the allottees on account of the re-computation of price is not paid within the time stipulated by the Company, the equity shares issued to such allottees shall continue to be locked-in till the time such amount is paid by the allottees.

7. The Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:
Details of the proposed allottees and the percentage of expanded capital to be held by them after the proposed allotment of equity shares to them are as under:

Sr. No.	Name of the proposed Allottees	Category	Before issue of equity shares under proposed preferential issue		After issue of equity shares under proposed preferential issue	
			No. of Shares held	% of shareholding	No. of Shares held	% of shareholding
1	International Finance Corporation	Multilateral Development Organization	Nil	-	Upto 2,30,00,000	Upto 12.80
2	Zend Mauritius VC Investments, Limited	Foreign Bodies Corporate	Nil	-	2,68,54,375	14.95

8.The proposed allotment on preferential basis, if made, will not result in change in management or control of the Company as per the provisions of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

9.The Equity shares to be so offered and allotted to the investors shall be in dematerialized form.

The proposed resolution is an enabling resolution conferring authority on the Board of Directors to cover all the present and future contingencies and corporate requirements in terms of Section 81 (1A) of the Companies Act, 1956 and the Listing Agreement entered into with Stock Exchange(s), which requires that new shares are first to be offered on pro-rata basis to the existing shareholders of the company, unless the shareholders at a General Meeting decide otherwise by passing Special Resolution. Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the Listing Agreement executed by the Company with the Stock Exchange(s) where its shares are listed.

The Board recommends the proposed resolution for your approval.

None of the directors of the Company are concerned or interested in the said resolution.

By Order of the Board of Directors
For MAGMA FINCORP LIMITED

Kolkata - 700 016.
Dated : 23rd May, 2011

GIRISH BHATIA
Company Secretary

MAGMA FINCORP LIMITED

Registered Office : "MAGMA HOUSE", 24, Park Street, Kolkata - 700 016.

23rd May, 2011

Dear Shareholder,

Payment of Dividend through National-ECS

Currently, as per directive from Securities and Exchange Board of India, all Companies use Electronic Clearing Service (ECS) facility introduced by Reserve Bank of India (RBI) for distributing dividends and other cash benefits to investors, wherever available. In this system, the investor's bank account is directly credited with the dividend amount based on the information provided by the Company, under advice to the investor.

As per RBI notification, with effect from October 1, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS) and banks have been instructed to move to the NECS platform with immediate effect. The advantages of NECS over ECS include faster credit of remittances to beneficiary's account, coverage of more bank branches and ease of operations for remitting agencies.

NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS) for centralized processing of inward instructions and efficiency in handling bulk transactions.

In this regard, since you hold shares in electronic form, please furnish the new Bank Account Number allotted to you by your bank after implementation of CBS, along with a photocopy of a cheque pertaining to the concerned account, to your Depository Participant (DP), at your earliest convenience.

If you do not provide your new account number allotted after implementation of CBS by your bank, to your DP, please note that ECS to your old account may either be rejected or returned.

Please ignore this communication in case you have already submitted the necessary details to your DP.

Assuring you of our best services at all times.

Yours faithfully,

For MAGMA FINCORP LIMITED

GIRISH BHATIA
Company Secretary

Niche Technologies Private Limited
Unit : **MAGMA FINCORP LIMITED**
D-511, Bagree Market, 5th floor,
71, B. R. B. Basu Road,
Kolkata – 700 001.

Re. : Payment of Dividend through ECS

I wish to participate in the Electronic Clearing Service (ECS) introduced by the Reserve Bank of India.

I do not wish to participate in the ECS. However, kindly print the bank particulars given below on the Dividend Warrant being issued to me.

1 Registered Folio No. : _____

2 Particulars of Bank

a. Name of the Bank : _____

b. Branch Address : _____

_____

_____

*c. 9 digit Code Number of the Bank and Branch as appearing on the MICR cheque issued by the Bank : ☐☐☐☐☐☐☐☐☐

d. Account type Please tick) : ☐ Savings ☐ Current ☐ Cash Credit

e. Ledger Folio No. (if any) of your Bank Account : _____

f. Account No. : _____

I hereby declare that the particulars above given are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s) beyond the control of the Company, I will not hold the Company responsible.

Date : _____

_____
Signature of the First Holder

* The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.

Delete whichever is not applicable

MAGMA FINCORP LIMITED

Registered Office : "MAGMA HOUSE", 24, Park Street, Kolkata - 700 016.

ATTENDANCE SLIP

Ledger Folio No. ……..... D. P. ID *…….....

No.of Shares held ……..... Client ID * ……..….....

1. Full name of Member/Proxy .....……..... .....

2. If Proxy, full name of Member ……..... .....

I hereby record my presence at the Thirty First Annual General Meeting of the Members of the Company held at Kala Kunj Auditorium,48, Shakespeare Sarani, Kolkata – 700 017 ,West-Bengal at 10.30 A.M on Tuesday, 21ST June, 2011, and at any adjournment thereof.

Date …….. Signature ……..…….

Important : This attendance slip should be signed and handed over at the entrance of the Meeting Hall.

* Applicable for Members holding shares in Electronic Form

MAGMA FINCORP LIMITED

Registered Office : "MAGMA HOUSE", 24, Park Street, Kolkata - 700 016.

PROXY FORM

Ledger Folio No. ……..... D. P. ID *…….....

No.of Shares held ……..... Client ID * ……..….....

I/We _____ of _____

_____ being a member/members of

Magma Fincorp Limited hereby appoint _____ of

_____ (or failing

him/her_____ of _____)

as my/our proxy to attend and vote for me/us on my/our behalf at the Thirty First Annual General Meeting of the Members of the Company held at Kala Kunj Auditorium,48, Shakespeare Sarani, Kolkata – 700 017 ,West-Bengal at 10.30 A.M on Tuesday, 21ST June, 2011, or and at any adjournment thereof.

Affix Revenue Stamp

Signed this ..... day of 2011

_____

Signature of Proxy

Note : 1) This instrument of Proxy must be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting.

2) A Proxy need not be a member.

* Applicable for Members holding shares in Electronic Form

MAGMA FINCORP LIMITED

Registered Office : "MAGMA HOUSE", 24, Park Street, Kolkata - 700 016.

Dear Shareholders, 23rd May, 2011

Submission of PAN Details

We request you to submit details of your Income Tax Permanent Account Number (PAN) as in terms of directive of Securities and Exchange Board of India, submission of these details by every participant in the Securities / capital market has become mandatory.

Kindly return the slip appended below, duly filled in and signed with self-attested copies of PAN cards of all holders including jointholders, to the Company or the Registrars. If you are holding shares in electronic form, please furnish these details to your Depository Participant.

In case you have already submitted the PAN details, kindly ignore this letter.

For MAGMA FINCORP LIMITED

GIRISH BHATIA
Company Secretary

Name :
Address :

To
Niche Technologies Private Limited
Unit : Magma Fincorp Limited
D-511, Bagree Market, 5th Floor,
71, B. R. B. Basu Road, Kolkata – 700 001.

We give below the PAN details together with self-attested photocopies of the PAN card which kindly record against my / our names.

Folio No	Tel No. :
E-mail :	

Name of the Shareholder	PAN	* Signature

* In case of account holder(s) other than individuals, kindly submit an attested copy of the required authorization alongwith the specimen signatures of the authorized signatories.

MAGMA FINCORP LIMITED

Registered Office : "MAGMA HOUSE", 24, Park Street, Kolkata - 700 016.

23rd May, 2011

Dear Shareholder,

Green Initiative in Corporate Governance

Dear Shareholders,

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 inter-alia stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode.

Recognizing the spirit of the circular issued by MCA, we propose to send from financial year 2011-12 onwards, documents like the Notices of general meetings (along with explanatory statement), Annual Reports, Financial Statements, Directors' Report, Auditors' Report, and other shareholder communication through electronic mode to the e-mail addresses which are made available to us by the Depositories and also which are registered and/or otherwise available with the Company's Registrar and Share Transfer Agents Niche Technologies Private Limited, from time to time. The full text of all documents and communications will also be available on our website, www.magma.co.in.

In case you seek to register your e-mail id with your Depository Participant, or where you desire to have the above documents at any alternative e-mail address, then you may accordingly register / update your email-id with your Depository Participant (for shares held in electronic form) or with the Company's Registrar and Share Transfer Agents at nichetechpl@nichetechpl.com or with the Company at bhatia.g@magma.co.in.

Further, in case email address of any member has not been registered then the service of documents etc will be effected by other mode of service as provided u/s 53 of the Companies Act, 1956.

We are sure that you would appreciate the "Green Initiative" taken by MCA and your company's desire to participate in such initiatives. It will not only be step to a Greener Earth but it will also be a faster mode of communication and there will be no chance of loss in postal transit.

Please communicate your choice at bhatia.g@magma.co.in.

Thank you for cooperating with us, as always.

Regards,
Magma Fincorp Limited
24, Park Street
Kolkata 700016