

12 February 2021

The Secretary,
Corporate Relationship Department,
BSE Limited,
25th Floor, P. J. Towers, Dalal Street, Fort,
Mumbai - 400 001.

Script Code No. 524000

Manager,
Listing Department,
National Stock Exchange of India Limited,
“Exchange Plaza”,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Symbol: “MAGMA”

Dear Sir,

Sub: Notice of Extra Ordinary General Meeting

Further to our letter dated 10 February 2021, please find enclosed herewith Notice of Extra Ordinary General Meeting of the Members of the Company to be held on Tuesday, 9 March 2021 at 2:00 P.M. through Video Conferencing / Other Audio Visual Means for seeking the consent of the shareholders in respect of preferential allotment of Equity Shares of the Company.

This is for your information and record.

Thanking You,

Yours faithfully,
For Magma Fincorp Limited


Shabnum Zaman
Company Secretary

Encl: as above



MAGMA FINCORP LIMITED

Registered Office: "Development House", 24, Park Street, Kolkata – 700 016

Phone: 033-4401 7350/7596067686.

CIN: L51504WB1978PLC031813 • Website: www.magma.co.in

NOTICE

Notice is hereby given that an Extraordinary General Meeting (EOGM) of the Members of Magma Fincorp Limited will be held on Tuesday, 9 March 2021 at 2:00 P.M through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") to transact the following business(es):

The proceedings of the EOGM shall be deemed to be conducted at the Registered Office of the Company at "Development House", 24, Park Street, Kolkata-700016, which shall be the deemed venue of the EOGM.

SPECIAL BUSINESS:

Preferential Allotment of Equity Shares of the Company:

To issue and allot 49,37,14,286 equity shares of the Company, each having face value of Rs. 2/-, at a price of Rs. 70/- per equity share and for an aggregate consideration of Rs. 3,456 crores, on a preferential basis, in the following manner: (a) 45,80,00,000 equity shares of the Company to Rising Sun Holdings Private Limited, for an aggregate consideration of Rs. 3,206 crores; (b) 1,78,57,143 equity shares of the Company to Mr. Sanjay Chamria (a member of the promoter and promoter group of the Company), for an aggregate consideration of Rs. 125 crores; and (c) 1,78,57,143 equity shares of the Company to Mr. Mayank Poddar (a member of the promoter and promoter group of the Company), for an aggregate consideration of Rs. 125 crores.

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

"RESOLVED THAT pursuant to (i) the provisions of Sections 23(1)(b), 42 and 62 and other applicable provisions, if any of the Companies Act, 2013 (the "Act") read with rules framed thereunder (including any statutory amendments thereto and all modifications or re-enactments thereof for the time being in force), (ii) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"), (iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), (iv) any other rules, guidelines, notifications, and clarifications issued by the Securities and Exchange Board of India, Reserve Bank of India, or any other competent authority, from time to time, to the extent applicable, (v) the provisions of the Memorandum of Association and Articles of Association of the Company, (vi) Listing Agreements entered into by the Company with the stock exchanges where the equity shares of the Company are listed (the "Stock Exchanges") and subject to the permissions, consents, sanctions and approval from various statutory and/or regulatory authorities, as may be necessary, and subject to such conditions and modifications as might be prescribed by such statutory and/or regulatory authorities while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any committee(s) constituted / to be constituted by the Board or committee constituted/ to be constituted

of management to exercise its powers including the powers conferred by this Resolution), the consent of the members of the Company be and is hereby accorded to the Board to create, issue, offer, and allot, on a preferential basis, 49,37,14,286 (Forty Nine Crores Thirty Seven Lakhs Fourteen Thousand Two Hundred Eighty Six only) equity shares having face value of Rs. 2/- each (the "Equity Shares"), at a price of Rs. 70/- (Rupees Seventy only) per Equity Share ("Preferential Allotment") to the below-mentioned proposed allottees ("Proposed Allotees"):

Sr. No.	Name of Proposed Allotees	Status	No. of Equity Shares
1.	Rising Sun Holdings Private Limited	Company	458,000,000
2.	Mr. Sanjay Chamria	Individual	17,857,143
3.	Mr. Mayank Poddar	Individual	17,857,143
	TOTAL		49,37,14,286

RESOLVED FURTHER THAT in terms of Chapter V of the ICDR Regulations, the "Relevant Date" for determining the minimum price for the purpose of the Preferential Allotment shall be 5 February 2021 being the date that is thirty days prior to the date on which the meeting of members of the Company is held to consider the Preferential Allotment.

RESOLVED FURTHER THAT the Equity Shares shall be allotted in dematerialized form within a period of 15 days from the date of passing of the special resolution by the members of the Company, provided that where the allotment of Equity Shares is subject to receipt of any approval from any regulatory and / or statutory authority, the allotment shall be completed within a period of 15 days from the date of receipt of the last of such approvals.

RESOLVED FURTHER THAT the Equity Shares to be allotted shall be subject to lock-in for such period as specified in the provisions of Chapter V of the ICDR Regulations and will be listed on the stock exchanges subject to receipt of necessary permissions and approvals.

RESOLVED FURTHER THAT the Equity Shares to be created, offered, issued and allotted to the Proposed Allotees shall rank *pari passu* with the existing Equity Shares of the Company in all respects (including with respect to dividend and voting powers) from the date of allotment thereof, and be subject to the requirements of all applicable laws and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept any modification(s) in the terms of issue of Equity Shares, subject to the provisions of the Act and the ICDR Regulations, without being required to seek any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, desirable or expedient, including without limitation issuing clarifications, resolving all questions, effecting any modifications or changes to the foregoing (including modification to the terms of the issue), enter into contracts, arrangements, agreement, documents (including for appointment of agencies, intermediaries and advisers for the issue) and to authorise all such persons as may be necessary, in connection there with and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the members of the Company and to settle all questions, difficulties or doubts that may arise in regard to the preferential issue and utilization of proceeds of the issue, take all other steps which may be incidental, consequential, relevant or ancillary in this connection to effect any modification to the foregoing and the decision of the Board shall be final and conclusive.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, Mr. Sanjay Chamria, Vice Chairman and Managing Director, Mr. Kailash Baheti, Chief Financial Officer, Mr. Jitendra Maheshwari, Head Corporate Legal & Compliance, Mrs. Shabnum Zaman, Company Secretary of the Company be and are

hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary and desirable for such purpose, including without limitation, preparing, signing, executing, and filing applications with the relevant authorities for obtaining requisite approvals etc. for the issuance of Equity Shares, as may be required, issuing clarifications on the issue and allotment of Equity Shares, resolving any difficulties, effecting any modifications, changes, variation, alterations, additions and/or deletions to the foregoing conditions as may be required by any relevant authority, including agreeing to and accepting all such condition(s), modification(s) and alteration(s) as may be stipulated by the relevant authorities.

RESOLVED FURTHER THAT all actions taken by the Company in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects.”

Registered Office :

“Development House”,
24, Park Street,
Kolkata-700 016
West Bengal

By Order of the Board of Directors
For **Magma Fincorp Limited**

Place : Kolkata
Date : 10 February 2021

Sd/-
Shabnum Zaman
Company Secretary

NOTES :

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, June 15, 2020, September 28, 2020 and December 31, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Extra Ordinary General Meeting (“EOGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (hereinafter referred to as “SEBI Listing Regulations”) and MCA Circulars, the EOGM of the Company is being held through VC / OAVM.
2. The Statement pursuant to Section 102 and other applicable provisions of the Companies Act, 2013 and rules made there under, with respect to Special Business set out in the Notice is annexed hereto and forms part of the Notice. In terms of the aforesaid circulars, the businesses set out in the Notice shall be transacted only through remote e-voting or through the e-voting system provided during the meeting while participating through VC facility.
3. Pursuant to the provisions of the Act, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EOGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Since, the EOGM is being conducted through VC/OAVM pursuant to MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the EOGM and **hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
4. Institutional/Corporate members are requested to send a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013/Power of Attorney authorizing their representative(s) to attend the EOGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to **girishbhatia1956@gmail.com** with a copy marked to **evoting@nsdl.co.in**
5. Notice of the EOGM is being sent through electronic mode to those Members whose email addresses are registered with the Company/Depositories and through registered post to those members whose email addresses are not registered with Company / Depositories. Members may note that the Notice will also be available on the Company’s website www.magma.co.in, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>. For members who have not registered their email address, are requested to register their email IDs with the Company/Depository Participants before 2 March 2021.
6. Members are requested to mention their Folio Number/Client ID/DPID 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.
7. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members are requested to contact the Company’s RTA for reply to their queries/redressal of complaints, if any, or contact Ms. Shabnum Zaman, Company Secretary at Email: secretary@magma.co.in/shabnum.zaman@magma.co.in.

9. The relevant documents referred to in this Notice and Explanatory Statement will be open for inspection electronically without any fees from the date of circulation of this Notice till the date of the EOGM. Members seeking to inspect such documents can send an email to secretary@magma.co.in
10. The attendance of the Members attending the EOGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
11. Since the EOGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

Voting through electronic means:

12. In compliance with provisions of Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2016 and as per Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide members with the facility of voting through electronic means in respect of business to be transacted at the meeting and the business may be transacted through e-voting services provided by NSDL.
13. The remote e-voting period commences on Friday, 5 March 2021 (9.00 A.M. IST) and ends on Monday, 8 March 2021 (5.00 P.M. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the close of working hours on Tuesday, 2 March 2021 ('Cut-off date') shall be entitled to cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting on Monday, 8 March 2021 after 5.00 P.M. IST. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently. Those Members, who will be present in the EOGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the EOGM.

Process and Manner for Members Opting for Remote E-Voting

The instructions for remote e-voting are as follows:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL's e-voting system.

Step 1

How to log-in to NSDL e-voting website

1. Visit the e-voting website of NSDL by opening your web browser and typing the following URL: <https://www.evoting.nsdl.com/> either on a desktop computer/laptop or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log in at <https://eservices.nsdl.com/> with your existing IDEAS log-in details. Once you log in to NSDL e-services after using your log-in credentials, click, on 'e-voting' and you can proceed to Step 2 i.e. cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	User ID
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 115712 then user ID is 115712001***

5. Your password details are given below:

- a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and change your password, as prompted by the system.
- c. How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the emails sent to you from NSDL from your mailbox. Open the email and open the attachment (it will be a pdf file). Open the file. The password to open the file is your 8-digit client ID for NSDL account to the last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered with the Company/Depository, please follow instructions mentioned below in this notice.

6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

- a. Click on "Forgot User Details/Password?" (for those holding shares in Demat accounts with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b. A 'Physical User Reset Password?' (for those holding shares in physical mode) option is also available on www.evoting.nsdl.com.
- c. If you are still unable to get the password following the aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, click on “Login” button.
9. After you click on the “Login” button, the home page of e-voting will open.

Step 2

How to cast your vote electronically on NSDL e-Voting system?

1. After successful logging in following Step 1, you will be able to see the home page of e-voting. Click on e-Voting. Then, click on ‘Active Voting Cycles’.
2. Upon clicking on ‘Active Voting Cycles’, you will be able to see “EVEN” of all the companies in which you hold shares and whose voting cycles are in ‘active’ status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-voting as the voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Please remember that once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Instructions:

- i. Institutional/Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to girishbhatia1956@gmail.com or shabnum.zaman@magma.co.in with a copy marked to evoting@nsdl.co.in.
- ii. Mr. Girish Bhatia, Practicing Company Secretary (CP No. 13792), who have consented to act as the scrutinizer and are available for the purpose of ascertaining the requisite majority, have been appointed as the scrutinizer to scrutinize the remote e-voting process and e-voting system provided in the meeting in a fair and transparent manner.
- iii. Scrutinizer shall immediately after the conclusion of the meeting will first count the votes cast during the meeting and thereafter unblock the votes cast through remote e-voting and within a period not exceeding 48 hours from the conclusion of the meeting make a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman of the Company or any other person authorized by him in writing, who shall counter sign the same and declare the result of the voting forthwith in accordance with applicable law.
- iv. The results declared along with the Scrutinizer’s Report will be posted on the Company’s website www.magma.co.in at its weblink i.e. <https://magma.co.in/about-us/investor-relations/secretarial-documents/download-secretarial-documents/>.The result shall be communicated to all the Stock Exchanges where the equity shares of the Company are listed and also to NSDL.
- v. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential. Log in to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the ‘Forgot User Details/ Password?’ or the ‘Physical User Reset Password?’ option available on www.evoting.nsd.com, to reset the password.

- vi. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and remote e-voting user manual for shareholders available at the “Downloads” section of www.evoting.nsdl.com, or call on the toll-free no.: 1800-222-990, or send a request to Mr. Amit Vishal, Senior Manager / Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone no.+91 22 2499 4545 who will also address grievances connected with voting by electronic means.
- vii. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 2 March 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA. A person who is not a member as on the cut-off date should treat this notice for information purposes only.
- viii. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Cut-off Date.

Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the closing working hours of Cut-off Date and not casting their vote electronically, may cast their vote at the meeting electronically through their registered email address.

14. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING EOGM NOTICE AND USER ID AND PASSWORD FOR E-VOTING:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Registrar and Share Transfer Agents, Niche Technologies Private Limited at nichetechpl@nichetechpl.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to depositories.

Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

15. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EOGM THROUGH VC / OAVM ARE AS UNDER:

- a. **Member will be provided with a facility to attend the Meeting through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.**
- b. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP-based login for logging into the e-Voting system of NSDL.
- c. Members can participate in EOGM through smart phone/laptop, however, for better experience and smooth participation it is advisable to join the Meeting through Laptops connected through broadband.

- d. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- e. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- f. Facility of joining the EOGM through VC / OAVM shall open 30 minutes before the time scheduled for the EOGM and will be available for Members on first come first served basis
- g. For ease of conduct, members who would like to ask questions / express their views may register themselves as speaker by sending their request from their registered email address from 28 February 2021 (9.00 A.M) to 2 March 2021 (5.00 P.M) and their questions in advance at least one (1) day before EOGM mentioning their name, DP ID and Client ID/folio number, PAN, email id, mobile number at secretary@magma.co.in .The same will be replied by the company suitably. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the EOGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the EOGM.
- h. Members who need assistance before or during the EOGM with regard to use of technology, can send a request at evoting@nsdl.co.in or use Toll-free No.1800-222-990, **or contact Ms. Pallavi Mhatre, Manager, NSDL at the designated email ID evoting@nsdl.co.in or pallavid@nsdl.co.in or at Telephone No.022-2499-4545.**

16. PROCESS AND MANNER FOR E-VOTING AT THE EXTRAORDINARY GENERAL MEETING ARE AS UNDER:

- a. **The procedure for e-Voting on the day of the EOGM is same as the instructions mentioned above for remote e-voting.**
- b. Only those Members/ shareholders, who will be present in the meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the EOGM.
- c. Members who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the meeting.
- d. For any grievances connected with the facility for e-Voting on the day of the EOGM, kindly call on the toll-free no.: 1800-222-990, or contact Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: evoting@nsdl.co.in or at telephone no.022-2499 4545.

Registered Office :

“Development House”,
24, Park Street,
Kolkata-700 016
West Bengal

Place : Kolkata
Date : 10 February 2021

By Order of the Board of Directors
For **Magma Fincorp Limited**

Sd/-
Shabnum Zaman
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Preferential Allotment of Equity Shares of the Company

Background

Magma Fincorp Limited is an experienced NBFC operating in the areas of retail finance, SME finance, housing finance and general insurance. The Company has a three-decade history of serving semi-urban and rural markets in these asset classes and operates as a systemically important non-deposit taking NBFC.

The Company's AUM stood at Rs. 15,006 crores as of 31 December 2020 compared with Rs. 16,134 crores as of 31 March 2020.

India is passing through one of the most challenging economic disruptions induced by the pandemic. On a brighter side, in past few months, the economy has increasingly emerged resilient in the wake of the pandemic, as is demonstrated by the buoyant tax collections, vehicle and housing sales as well as the continuous Government and RBI support to maintain sufficient liquidity in the financial system.

Following the acute stress in the NBFC sector since September 2018, and further compounded by the pandemic-induced slowdown, NBFCs seem to be cautiously moving on a positive trajectory. Disbursements in most segments have picked up. Auto finance volumes have also picked up with strong growth in two-wheelers and tractors; growth in M&HCVs however remains weak. Lenders in the MSME segment remain cautious as a number of small businesses are yet to fully recover from economic stress.

While demand for credit in various segments is showing a positive trajectory, most NBFCs continue to focus on collection efficiency, which has seen a positive trend month-on-month. On the asset quality front, Stage 3 assets have seen a spurt in quarter ended December 2020 as weaker customers faced difficulties in meeting their monthly payment obligations subsequent to coming out of moratorium in September 2020.

On the liabilities side, challenges for funding for most NBFCs / HFCs have also eased on the back of fresh credit lines from banks, government liquidity schemes, NHB and SIDBI refinancing, pick up in securitization volumes as well as market borrowings.

During the past year, the Company has taken a number of measures to address these challenges:

- a) swift implementation of Government support programs of ECLGS to MSME customers
- b) gradual uptick in fresh disbursements in the focus segments
- c) restoring collection efficiency post moratorium
- d) maintaining focus on reduction in operating expenses

The Company continues its efforts on strengthening the balance sheet through superior management of collections, control on operating expenses and maintaining strong provision buffers. The Company is also focused on high ROA products for fresh disbursements i.e. used assets, agri-loans, auto leasing, SME and affordable housing. While the overall AUM has seen a declining trend, the AUM in focus product segments has remained stable at Rs. 11,124 crores as on 31 December 2020 vs. Rs. 11,285 crores as on 31 March 2020.

From a capital adequacy perspective, the Company recorded a Tier 1 Capital ratio of 25.2% and overall Capital Adequacy of 28.0% as on 31 December 2020.

The Company has also maintained a comfortable liquidity position of Rs. 2,110 crores as of 31 December 2020, supported by the benign liquidity environment and support from current bankers. From a cost of funds perspective, the Company has seen a decline of 56bps in Q3FY21 over H2FY20.

Your Company proposes to raise fresh capital of Rs. 3,456 crores by issuing and allotting 49,37,14,286 equity shares of the Company, each having face value of Rs. 2/-, at a price of Rs. 70/- per equity share, in the following manner: (a) 45,80,00,000 equity shares of the Company to Rising Sun Holdings Private Limited ("RSHPL"), a company controlled by Mr. Adar Poonawalla, for an aggregate consideration of Rs. 3,206 crores; (b) 1,78,57,143 equity shares of the Company to Mr. Sanjay Chamria (a member of the promoter and promoter group of the Company), for an aggregate consideration of Rs. 125 crores; and (c) 1,78,57,143 equity shares of the Company to Mr. Mayank Poddar (a member of the promoter and promoter group of the Company), for an aggregate consideration of Rs. 125 crores (collectively, "Preferential Allotment").

The Preferential Allotment represents 64.68% of the Company's enhanced equity share capital post the issue and would result in a controlling stake of the Company being acquired by RSHPL. Based on current shareholding, RSHPL would hold 60.0% stake in the entity post issuance and the existing promoter group stake would be reduced to 13.3% post issuance. The networth of the company shall increase to over Rs. 6,300 crores post the issuance.

Following the preferential issue, RSHPL would also be classified as "Promoter" of the Company. The Company and its subsidiaries shall be renamed and rebranded under the brand name "Poonawalla Finance", subject to regulatory approvals. **The salient features of the Terms of Agreement:**

1. RSHPL shall have the right to appoint Chairman of the Company on completion of the proposed transaction and intends to nominate Mr. Adar Poonawalla as the Chairman of the Company and Mr. Abhay Bhutada as the Managing Director of the Company.
2. The Board of the Company shall be reconstituted by the Chairman nominated by RSHPL and the Board lead by Chairman may make such changes in management as they may deem fit.
3. RSHPL intends that the Company should appoint post consummation of the Proposed Transaction (i) a professional CEO from the best in the industry and with substantial experience of running financial services businesses; and (ii) an experienced and professional COO from the best in the industry.
4. Existing director, i.e. Mr. Sanjay Chamria shall continue on the Board of the Company, subsidiary and joint venture and shall be Executive Vice Chairman of the Company.
5. Post completion of the transaction, the Company shall reconstitute the Board of Directors of its subsidiary and joint venture, subject to respective investment and joint venture agreements for reconstitution of the Board.
6. The transaction is subject to statutory approvals and approval by the shareholders at general meeting and an open offer would also be undertaken by the acquirers, namely RSHPL, Mr. Mayank Poddar and Mr. Sanjay Chamria (as per the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("Takeover Regulations")) with the obligation to purchase the shares in the open offer on RSHPL.
7. Post the consummation of the proposed transaction RSHPL shall consolidate the business of Poonawalla Finance Private Ltd. with the Company. The loan book of Poonawalla Finance Private Ltd. shall be acquired by the Company along with the employees on a slump sale basis or transfer of existing loan book, at a fair value which is likely to be close to book value and in due compliance with regulatory requirements.

In connection with the Preferential Allotment, the Audit Committee of the Board of the Company has approved subscription of 1,78,57,143 equity shares of the Company by Mr. Mayank Poddar and 1,78,57,143 equity shares of the Company by Mr. Sanjay Chamria, who are members of the promoter and promoter group of the Company, and authorised the Board to enter into such contracts/arrangements in relation to such issuance as the Board of Directors may deem fit after being satisfied that such contract(s)/ arrangement(s)/ transaction(s) are on an arm's length basis.

The Board of directors of the Company in their meeting held on Wednesday, 10 February 2021 subject to necessary approval(s), have approved the Preferential Allotment. In terms of Section 62(1)(c) read with

Section 42 of the Companies Act, 2013 (the “Act”) and rules made thereunder, and in accordance with the provisions of Chapter V “Preferential Issue” of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the “ICDR Regulations”) as amended, and on the terms and conditions and formalities as stipulated in the Act and the ICDR Regulations, the Preferential Allotment requires approval of the Members by way of a special resolution. The Board therefore, seeks approval of the Members as set out in the notice, by way of a special resolution.

Salient features of the preferential issue of Equity Shares are as under:

- 1) The proposed issue and allotment of Equity Shares on a preferential basis, shall be governed by the applicable provisions of the ICDR Regulations and the Act read with the applicable provisions of the rules made thereunder.
- 2) The Relevant Date for the pricing of the Equity Shares to be issued pursuant to the aforesaid Preferential Allotment was supposed to be 7 February 2021, being 30 days prior to the date of this Extraordinary General Meeting. However, as per Regulation 161 of the ICDR Regulations, since the Relevant Date falls on a weekend/holiday, the day preceding the weekend/ holiday is reckoned to be the Relevant Date. Hence, the Relevant Date is 5 February 2021.
- 3) In terms of Regulation 164 of the ICDR Regulations the price at which the Equity Shares being proposed to be allotted on preferential basis shall not be less than the higher of the following:
 - a) The average of weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date; or
 - b) The average of weekly high and low of the volume weighted average price of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

'Stock Exchange' for the purpose of this clause means recognized stock exchange in which the highest trading volume in respect of the equity shares of the Company has been recorded during the preceding twenty six weeks prior to the relevant date.
- 4) The average price as computed on the above basis during 26 weeks preceding the relevant date is Rs. 40.09 per equity share whereas during two weeks preceding the relevant date is Rs. 48.19 per equity share. The higher of the two prices calculated is Rs. 48.19 per equity share and the issue price is Rs 70/-per equity share which is higher of the two calculated prices.
- 5) The Board, vide Board resolution dated 10 February 2021, has also approved the binding Terms of Agreement dated 10 February 2021 executed by and between the Company, RSHPL and existing Promoters of the Company.
- 6) This is the first preferential issue of equity shares by the Company in this year and no other persons have been allotted any securities on a preferential basis during the current year except the allotment of shares to the eligible employees under Magma Employee Stock Option Plan 2007.

Following disclosures for the issue of Equity Shares on preferential basis are made in accordance with the provisions of Section 42, 62 (1)(c) of the Act and Rule 13 of the Companies (Share Capital and Debentures Rules), 2014, Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Regulation 163 of the ICDR Regulations:

a. Object of the issue:

- The preferential issue would result in the infusion of Rs. 3,456 crores of straight equity into the Company, thereby augmenting the networth to over Rs. 6,300 crores, enhancing the capital adequacy from 28.0% as of 31 December 2020 to 68.3% post issuance,
- The acquisition of a controlling stake together with huge capital infusion would have positive impact on all stakeholders such as employees, lenders, customers and shareholders,
- Backing of a strong corporate group is also likely to have a positive impact on credit ratings, potentially resulting in lower cost of funds, which would allow the Company to offer loans at competitive yields, thereby attracting a higher quality customer, leading to a structural improvement in asset quality, reduction in credit costs and therefore enhanced profitability,
- This infusion would also enable the Company to further invest in the required growth capital in other group entities.

b. Intention of the Promoters, Directors or Key Managerial Personnel to subscribe to the offer:

Except, Mr. Mayank Poddar and Mr. Sanjay Chamria, no other Promoter or Director(s) would be subscribing to the preferential issue approved by this resolution.

The acquirer has required as part of the proposed transaction, that Mr. Sanjay Chamria subscribe to 17,857,143 equity shares of the Company by way preferential allotment at a price of Rs. 70/- per share aggregating to Rs. 125 crores and Mr. Mayank Poddar subscribe to 17,857,143 equity shares of the Company by way preferential allotment at a price of Rs. 70/- per share aggregating to Rs. 125 crores.

c. Shareholding pattern before and after the proposed preferential issue:

Shareholding Pattern before and after the proposed issue based on the shareholding as on 5 February 2021 is given below:

SL No.	Category & Name of shareholders	PRE-Shareholding		POST-Shareholding	
		No. of fully paid-up equity shares held	Shareholding %	No. of fully paid-up equity shares held	Shareholding %
	PROMOTER				
(1)	Indian	-	0.000	-	0.000
(a)	Individuals/Hindu undivided Family	481,580	0.179	36,195,866	4.742
(b)	Central Government/State Government(s)	-	0.000	-	0.000
(c)	Financial Institutions/Banks	-	0.000	-	0.000
(d)	Any Other	-	0.000	-	0.000
	Bodies Corporate	65,270,503	24.209	523,270,503	68.551
	Trusts	-	0.000	-	0.000
	Clearing Members	-	0.000	-	0.000
	Sub-Total (A)(1)	65,752,083	24.387	559,466,369	73.293
(2)	Foreign	-	0.000	-	0.000
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	-	0.000	-	0.000
(b)	Government	-	0.000	-	0.000
(c)	Institutions	-	0.000	-	0.000
(d)	Foreign Portfolio Investor	-	0.000	-	0.000
(e)	Any Other	-	0.000	-	0.000
	OCBs	-	0.000	-	0.000
	Sub-Total (A)(2)	-	0.000	-	0.000

Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		65,752,083	24.387	559,466,369	73.293
PUBLIC					
(1)	Institutions	-	0.000	-	0.000
(a)	Mutual Funds	24,308,510	9.016	24,308,510	3.185
(b)	Venture Capital Funds	-	0.000	-	0.000
(c)	Alternate Investment Funds	28,680,524	10.638	28,680,524	3.757
(d)	Foreign Venture Capital Investors	-	0.000	-	0.000
(e)	Foreign Portfolio Investors	55,426,307	20.557	55,426,307	7.261
(f)	Financial Institutions/Banks	14,629,103	5.426	14,629,103	1.916
(g)	Insurance Companies	-	0.000	-	0.000
(h)	Provident Funds/Pension Funds	-	0.000	-	0.000
(i)	Any Other	-	0.000	-	0.000
	Foreign Institutional Investors	-	0.000	-	0.000
	QFI- Corporate	26,066,834	9.668	26,066,834	3.415
	Sub-Total (B)(1)	149,111,278	55.305	149,111,278	19.534
					0.000
(2)	Central Government/State Government(s)/President of India	-	0.000	-	0.000
	Sub-Total (B)(2)	-	0.000	-	0.000
		-		-	0.000
(3)	Non-Institutions	-	0.000	-	0.000
(a)	Individuals	-	0.000	-	0.000
	i) Individual shareholders holding nominal share capital up to Rs.2 Lakhs.	20,183,384	7.486	20,183,384	2.644
	ii) Individual shareholders holding nominal share capital in excess of Rs.2 Lakhs.	11,252,578	4.174	11,252,578	1.474
	Shares issued and not yet credited and listed*	25,200	0.009	25,200	0.003
(b)	NBFCs registered with RBI	-	0.000	-	0.000
(c)	Employee Trusts	-	0.000	-	0.000
(d)	Overseas Depositors (holding DRs)(balancing figure)	-	0.000	-	0.000
(e)	Any Other	-	0.000	-	0.000
	Bodies Corporate	16,945,875	6.285	16,945,875	2.220
	QFI- Individual	-	0.000	-	0.000
	NRI- Repatriable	1,520,240	0.564	1,520,240	0.199
	NRI- Non-Repatriable	1,940,104	0.720	1,940,104	0.254
	OCBs	-	0.000	-	0.000
	Trusts	-	0.000	-	0.000
	Clearing Memembers	2,468,136	0.915	2,468,136	0.323
	IEPF Authority	417,834	0.155	417,834	0.055
	Sub-Total (B)(3)	54,753,351	20.308	54,753,351	7.173
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)		203,864,629	75.613	203,864,629	26.707
Total Shareholding (A+B)		269,616,712	100.000	763,330,998	100.000

- Pursuant to exercise of option under Magma Employee Stock Option Plan 2007.

d. Proposed time within which the 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).

e. Identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

The identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and /or who ultimately control proposed allottees and the percentage of the post preferential issue capital that may be held by them is given in the following table:

Sr. No.	Name of the Proposed Allottee and address	Category	Pre-issue Holding as on 27 th March 2015	% on Pre issue paid up capital	No. of equity shares proposed to be allotted*	Post-issue Holding	% on Post issue paid up capital	Natural persons who are the ultimate beneficial owners / ultimately controlling the proposed allottee
1.	Rising Sun Holdings Private Limited Sarosh Bhawan 16/B-1, Dr. Ambedkar Road, Pune – 411 101	Body Corporate	Nil	Nil	458,000,000	458,000,000	60%	Adar Poonawalla

** Subject to necessary approvals*

f. Change in control:

The proposed allotment on preferential basis, if made, will result in change in management or control of the Company as per the provisions of Takeover Regulations. The proposed allotment will also result in change of control as per Regulation 68 of Master Direction- Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

g. Lock-in period:

The proposed allottees, have not sold or transferred any Equity Shares of the Company during the six months prior to the relevant date. The Equity Shares allotted pursuant to the proposed preferential issue, shall be subject to lock-in as per ICDR Regulations.

h. Undertaking as to re-computation of price and lock-in of specified securities:

Since the Equity Shares of the Company has been listed on the recognized stock exchanges for a period of more than 26 weeks prior to the relevant date, the Company is not required to re-compute the price of equity shares and therefore the Company is not required to submit the undertaking specified under Regulations 163(1)(g) and (h) of the ICDR Regulations.

i. Other Disclosures / Undertakings

- Neither the Company, nor its directors or promoters have been declared as wilful defaulter as defined under the ICDR Regulations.
- The Company is eligible to make the preferential allotment to its promoter under Chapter V of the ICDR Regulations.
- Report of the registered valuer is not required under the provisions of second proviso to Rule 13(1) of the Companies (Share Capital and Debentures) Rules, 2014 for the proposed preferential issue.

j. Auditor's certificate:

A copy of the certificate from M/s. BSR & Co. LLP, Chartered Accountants, (Firm's Registration No.: 101248W/W-100022), the Statutory Auditors of the Company, certifying that the above preferential issue of Equity Shares is being made in accordance with the applicable provisions of the ICDR Regulations, shall be placed before the shareholder at the Extraordinary General Meeting.

The Board, therefore, recommends the above special resolution for approval of the Members.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, except Mr. Mayank Poddar and Mr. Sanjay Chamria, shall be considered to be concerned or interested in the proposed Resolution.

None of the Promoter, Directors and KMPs of the Company have any shareholding in the proposed allottees.

<p>Registered Office : "Development House", 24, Park Street, Kolkata-700 016 West Bengal Date : 10 February 2021</p>	<p>By order of the Board of Directors For Magma Fincorp Limited</p> <p style="text-align: right;">Sd/- Shabnum Zaman Company Secretary</p>
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