

THE MOTOR & GENERAL FINANCE LIMITED

MGF

Regd & H.O. MGF HOUSE, 4/17-B, ASAF ALI ROAD, NEW DELHI-110002
PHONES: 23272216-18,23278001-02 FAX : 23274606 GRAMS: "EMGEEF"
WEBSITE: <http://www.mgf ltd.com> E-mail : mgf ltd@hotmail.com

POSTAL BALLOT NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

To

The Members,

This is in continuation to our earlier Notice of Postal Ballot dated June 7, 2008 seeking your approval in respect of the resolution to authorize Board of Directors to make loans, investments and give guarantees under Section 372A of the Companies Act, 1956. The Board of Directors in their meeting held on 19th February, 2010 have approved the draft of the Resolution together with Explanatory Statement setting out the material facts and reasons for the resolution which is being sent to you alongwith Postal Ballot Form for your consideration.

Notice is hereby given pursuant to Section 192A read with Companies(Passing of the Resolution by Postal Ballot)Rules, 2001 for obtaining the consent of the Members through Postal Ballot for authorizing the Board of Directors of the Company under Section 372A of the Companies Act, 1956, to pass with or without modifications, the following resolution as a Special Resolution:-

Special Business

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to the approval(s)/consents(s)/sanction(s) of such appropriate authorities, including that of the Central Government and the Reserve Bank of India, Foreign Exchange Management Act, 1999, Departments or Bodies as may be necessary, confirmation be and is hereby accorded to the amount already invested and to make investments in bodies corporate and more specifically Intercorporate Loans/ investments in Jayabharat Credit Limited and in securities viz, ICICI Liquid Daily Dividend, HDFC Cash Management Fund, Kotak Flexi Debt Scheme Daily Dividend, ING Latin America Equity Fund, DSP ML World Gold Fund Dividend Pay Out, Reliance Medium Term Daily Dividend Plan, Kotak Monthly Interval Plan Series 2 Dividend, Kotak Securities Ltd-Debenture, Barclays Investments and Loans India Ltd-Debentures, Kotak Liquid(Regular) Weekly Dividend, DSP Black Rock Liquidity Fund Regular Plan (Weekly Dividend), LIC Liquid Fund Dividend Plan, Religare Liquid Fund Regular Weekly Fund, Birla Sunlife Short Fund Fortnightly Dividend, Tata Floater Fund Weekly Dividend, Kotak FMP 19M Series 2 Growth and ICICI Prudential Flexible Income Plan Weekly Dividend and/or any other Mutual Fund(s)/ Debentures not specifically mentioned herein above, and consent to the Board of Directors of the Company be and is hereby granted to make loans to any body/bodies corporate, acquire by way of subscription, purchase, invest or otherwise in Shares, Mutual Funds and/or Debentures(whether convertible or not) or warrants or other Equity/Debt related securities of Bahubali Services Ltd, Gee Gee Holdings Pvt Ltd, MGF Services Ltd, MGF Estates Pvt Ltd, Jayabharat Credit Limited, India Lease Development Ltd, Ram Prakash & Co Pvt Ltd, MGF Securities Limited, Associated Traders & Engg Ltd, Grosvenor Estates Pvt Ltd, Card Services India Pvt Ltd, Upper India Hire Purchase Co Association Ltd from time to time and any other body/bodies corporate in India or abroad existing or which may be promoted, securities of any body corporate or give any guarantee or to buy securities, or to make investments in Mutual Funds for such amounts that the outstanding loans together with loans and investments made and guarantees given, and securities purchased and/or securities/mutual funds provided by the company does not exceed Rs.200 Crores notwithstanding that such investments, outstanding loan given or to be given and guarantees and security provided are in excess of 60 percent of the Paid Up Share Capital and Free Reserves of the Company or 100 percent of the Free Reserves of the Company, which ever is more, as prescribed under Section 372A, as detailed in the attached Explanatory Statement, as they in their absolute discretion deem beneficial and in the interest of the Company".

"RESOLVED FURTHER THAT for the purpose of giving effect to above Sh. Rajiv Gupta, Chairman & Managing Director and/or Sh. Arun Mitter, Executive Director and Mr. M.K. Madan, Vice President & Company Secretary of the Company be and are hereby severally authorized to take from time to time all decisions and such steps for obtaining approval(s), statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and/or incidental or ancillary thereto, and to sign, seal and execute all deed(s), application(s), document(s) and writing(s) that may be required, on behalf of the Company and generally to do all act(s), deed(s) and thing(s) as may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid matter".

By Order of the Board
For THE MOTOR & GENERAL FINANCE LTD

Place: New Delhi
Date: February 19, 2010

(M.K. MADAN)
VICE PRESIDENT & COMPANY SECRETARY

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

The Board of Directors of the Company in supersession of resolution dated 12th November, 1997 approved by the shareholders were again empowered by the shareholders vide resolution passed through Postal Ballot dated 10th July, 2008 to make Loans, Investments in Equity, Securities (Mutual Funds), Debentures or give Guarantees or provide Securities to Body Corporates and others upto the total limit of Rs.150 Crores notwithstanding that such investments, outstanding loan given or to be given, investments made in Equity, Securities(Mutual Funds), Debentures and Guarantees &Security provided are in excess of 60 percent of the Paid Up Share Capital and Free Reserves of the Company or 100 percent of the Free Reserves of the Company, which ever is more as prescribed under Section 372A as they in their absolute discretion deem beneficial and in the interest of the Company.

With the growth, it is the expected that the total amount of loans, investments and guarantee/security already made together with loans/investments and guarantee/security that are proposed to be made by the company in the ordinary course of business may be upto Rs.200 Crores and is likely to exceed the limits prescribed under the said section. Loans and Investments in the Corporates and/or securities/mutual funds are proposed to be made out of surplus funds of the company to earn revenue.

It is proposed to make Inter Corporate Loans to various Corporate Entities and other companies not specifically mentioned in the proposed Special Resolution and investment in shares, debentures etc of other corporates and Mutual Funds, in the normal course of the business of the company, to be funded out of internal sources of the company.

- i) Besides the above bodies corporate to whom such loans/investments shall be made would be domestic companies, both private and public excepting(a) companies with accumulated losses for a consecutive period of three financial years (b) companies which have been referred to Board for Industrial and Financial Reconstruction(c) companies in respect of which a liquidator/administrator/receiver has been appointed in respect of any part or all assets and properties.
- ii) Such loans shall be for working capital requirements.
- iii) The other terms and conditions like maximum amount of loan, interest to be charged, repayment period, margin requirements etc, shall be such as may be approved by the Board of Directors.

Section 192A read with Companies(Passing of the Resolution by Postal Ballot)Rules, 2001 require that the said Special Resolution be approved by the shareholders through Postal Ballot.

Accordingly, the enclosed draft Special Resolution, authorizing the making of loans and investments in bodies corporate, from time to time, so that the loans outstanding, together with the investments made in shares, debentures etc of other bodies corporate, guarantees given and securities provided by the company under Section 372A of the Companies Act, does not exceed Rs.200 Crores at any one time, is submitted for consideration of the shareholders and the Board commends that the resolution be passed.

The Register of Inter-Corporate Loans and Investments containing the details required to be mentioned therein is open for inspection during the office hours on any working day at the Registered Office of the Company.

Interest of Directors

None of the Directors of the Company is interested in the above resolution

By Order of the Board
For THE MOTOR & GENERAL FINANCE LTD

Place: New Delhi
Date: February 19, 2010

(M.K. MADAN)
VICE PRESIDENT & COMPANY SECRETARY

Notes:

1. The Company has appointed Mr Dinesh Agnani, Advocate, Agnani & Associates, Advocates, C-8, Jangpura Extension, New Delhi-110014 as Scrutinizer, to receive and scrutinize the completed ballot papers from the members. The Postal Ballot Form and the Self Addressed Business Reply Envelope are enclosed for the use of the members.
2. You are requested to carefully read the instructions printed in the postal Ballot Form and return the Form duly completed with the assent(**for**) or dissent(**against**), in the attached pre-paid envelope, so as to reach the Scrutinizer on or before Tuesday, 23 March, 2010 by 5 P.M. to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member.
3. The Scrutinizer will submit his report to the Chairman & Managing Director of the Company or in his absence to any other person so authorized by the Chairman & Managing Director after completion of the scrutiny and the results of the postal ballot will be announced on Thursday 25 March, 2010 at 2 P.M. at the Registered Office of the Company at MGF House, 4/17-B, Asaf Ali Road, New Delhi. The date of declaration of the postal ballot result will be taken to be the date of passing the Special Resolution.
4. The results of the Postal Ballot will also be published in leading English and Hindi newspapers in New Delhi after such announcement. The results of the Postal Ballot will also be noted at the Annual General Meeting of the Company. The results will also be communicated to the Bombay Stock Exchange and National Stock Exchange Ltd.
5. Members are requested to carefully read the instructions printed on the back side of the Postal Ballot Form before exercising their vote.

By Order of the Board
For THE MOTOR & GENERAL FINANCE LTD

Place : New Delhi
Date : February 19, 2010

(M.K. MADAN)
VICE PRESIDENT & COMPANY SECRETARY

THE MOTOR & GENERAL FINANCE LIMITED

MGF

Regd & H.O. MGF HOUSE, 4/17-B, ASAF ALI ROAD, NEW DELHI-110002
PHONES: 23272216-18,23278001-02 FAX : 23274606 GRAMS: "EMGEEF"
WEBSITE: <http://www.mgf ltd.com> E-mail : mgf ltd@hotmail.com

POSTAL BALLOT FORM

1. Name of the shareholder(s) :
(in block letters)
(including joint holders,if any)
2. Registered Address of Sole/first :
Named Shareholder
3. Registered Folio No./DPID No./ :
Client ID No.* (*Applicable to shares
in dematerialized form)
4. Number of Shares held :
5. I/we hereby exercise my/our vote in respect of the Special Resolution to be passed through Postal Ballot for the business stated in the notice of the Company by sending my/our assent or dissent to the said resolution by placing the tick (✓) mark at the appropriate box below.

Sr. No.	Item	No. of Shares	I/We assent to the Resolution	I/We dissent to the Resolution
1.	Special Resolution under Section 372 A of the Companies Act,1956 in confirming the investments already made and authorising the Board of Directors/ Chairman further to acquire by way of subscription, purchase or otherwise the securities of and/or to make Loan(s) and./or investments in Mutual Funds and Debentures and/or give any guarantee(s)/ provide any security(ies) in connection with Loan(s) made to the companies and Mutual Funds specifically mentioned in the Resolution and any other corporate body/bodies and investments in Shares, Mutual Funds/ Debentures etc of other corporates, in the normal course of the business of the company to be funded out of internal sources of the company upto a limit of Rs. 200 crore, notwithstanding that the aggregate of all the loans/ investments, guarantees or securities so far given or to be given to and/or securities so far acquired or to be acquired in all bodies corporate may exceed the limits prescribed under the said section.			

Place :
Date :

(Signature of the shareholder)

INSTRUCTIONS

1. Shareholders desiring to exercise vote by postal ballot may complete this Postal Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer in the attached self addressed postage pre-paid envelope. Postage will be borne and paid by the Company. However, envelopes containing postal ballots, if sent by courier or deposited personally at the expenses of the shareholder(s) will also be accepted.
2. The postage pre-prepared self addressed envelope bears the address of the Scrutinizer so appointed by the Board of Directors of the Company.
3. There should be one postal ballot for every Folio/Client ID irrespective of the number of joint holders.
4. This Postal Ballot Form should be completed and signed by the shareholder(s). In case of joint holding, this form should be completed and signed(as per specimen signature registered with the company) by the first named shareholder and in his absence, by the next named shareholder(s).
5. In case of Shares held by companies, trusts, societies, etc, the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/Authority.
6. The votes should be cast either in favour or against by putting the tick mark(✓) in the column provided for assent or dissent. Ballot papers bearing tick marks in both the columns will render the Postal Ballot Form invalid. Incomplete, unsigned or incorrectly filled Postal Ballot Form will be rejected. The Scrutinizer's decision on the validity of the Postal Ballot form shall be final and binding.
7. The Chairman & Managing Director and the Company Secretary shall be responsible for the entire postal ballot voting process.
8. Duly completed Postal Form should reach the Scrutinizer on or before Tuesday, the 23rd March, 2010 by 5.P.M.. Postal Ballot Form received after this date will not be considered and treated as if the reply from the shareholder has not been received.
9. Shareholders are requested not to send any other paper alongwith the Postal Ballot Form in the enclosed postage pre-paid self addressed envelope as all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
10. The resolution if passed by the requisite majority, the date of declaration of the result of Postal Ballot will be taken to be the date of passing of the resolution.
11. The postal ballot shall not be exercised by a Proxy.
12. The Chairman and Managing Director or any Director of the Company shall announce the result of the Postal Ballot on Thursday, the 25th March, 2010. at the Registered Office of the Company at 2.P.M.