



Muthoot Finance Limited

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Ref: SEC/MFL/SE/2016/2193

Date: 01.08.2016

To

Listing Compliance Department

National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051

Subject: Reply to clarification required by Exchange on announcement submitted to the Exchange dated July 27, 2016, regarding "Additional Investment in the equity share capital of M/s. Belstar Investment and Finance Private Limited".

Dear Sir/Ma'am,

Kind attn.: Ms. Charmi Dharod, Asst Manager, Listing Compliance

1. Name of the target entity, details in brief such as size, turnover etc;

Reply of the Company:

Name of Target Company: Belstar Investment and Finance Private Limited

Details in Brief:

As of March 31, 2016 the Target Company ie. Belstar Investment and Finance Private Limited has 76 branches, with 13 controlling regional offices in 12 Districts and employing 561 staff. Currently the Target Company has operations in the States of Tamil Nadu, Karnataka, Pondicherry, Madhya Pradesh and Maharashtra.

Major financial indicators during the past 3 Financial Years are as given below:

(Rs. in Crs)

PARTICULARS	FY 2014	FY 2015	FY 2016
Equity Capital	14.36	14.36	14.36
Reserves And Surplus	16.44	19.44	25.54
Total Income	25.32	36.48	58.07
Profit After Tax	2.61	3.00	6.11



- 2. Whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at "arm's length";**

Reply by Company:

The acquisition will not fall within related party transactions and the promoter/ promoter group/ group companies have no interest in the entity being acquired.

- 3. Industry to which the entity being acquired belongs;**

Reply by Company:

The Target Company is a Micro Finance Company, registered with RBI as NBFC MFI.

- 4. Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);**

Reply by Company:

Company has given detailed clarification on the matter to NSE vide its clarification reply dated June 07, 2016 (ref no. SEC/MFL/SE/2016/3157). The clarification filed by Company is available with NSE and is in public domain.

This acquisition will help Company to diversify its business by entering into Micro Finance business apart from its existing core business of lending against security of gold ornaments.

- 5. Brief details of any governmental or regulatory approvals required for the acquisition;**

Reply by Company:

Company doesn't need any specific regulatory approval. The target Company had obtained necessary approval from Reserve Bank of India for change in management.

- 6. Indicative time period for completion of the acquisition;**

Reply by Company:

Company has completed acquisition of 46.84% equity shares of the target Company. Company is in process of acquiring 10.32% from the existing shareholders thereby taking its total holding to 57.16% making Target Company its subsidiary. Company expects to complete the acquisition of above said 10.32% of equity shares before end of present quarter (September- 2016).



7. Cost of acquisition or the price at which the shares are acquired;

Reply by Company:

Company has acquired 20,00,000 equity shares from existing shareholders at Rs. 35/- per equity shares in previous quarter. Later, Company has infused Rs 40 crs as fresh capital for acquiring equity share capital of target Company by investing in 88,88,888 shares at Rs. 45/- each by subscribing to preferential issue of equity shares.

Further acquisition of 10.32% of equity shares from existing shareholders at Rs. 35/- per shares is expected to be completed soon thereby taking the total holding to 57.16% making target Company a subsidiary of the Company.

8. Nature of consideration - whether cash consideration or share swap and details of the same;

Reply by Company:

Nature of consideration is Cash.

9. Percentage of shareholding / control acquired and / or number of shares acquired;

Reply by Company:

Percentage of shareholding acquired by the Company as on present date is as follows:

Total No. of shares of Target Company	Present holding of equity shares by Muthoot Finance Limited	% of holding by Muthoot Finance Limited
2,32,46,568	1,08,88,888	46.84%

10. Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief).

Reply by Company:

The target Company is a registered Mirco Finance Company having its headquarters at Chennai, Tamilnadu. Target Company was incorporated on 11th January 1988. Currently the Company has operations in the States of Tamil Nadu, Karnataka, Pondicherry, Madhya Pradesh and Maharashtra. As of March



31, 2016 the Company has 76 branches, with 13 controlling regional offices in 12 Districts and employing 561 staff.

Summary of Financial Performance of the Target Company in last three Financial Years are as follows:

(Rs. in Crores)

PARTICULARS	FY 2014	FY 2015	FY 2016
Equity Capital	14.36	14.36	14.36
Reserves And Surplus	16.44	19.44	25.54
Total Income	25.32	36.48	58.07
Profit After Tax	2.61	3.00	6.11

For MUTHOOT FINANCE LTD.


MAXIN JAMES
Company Secretary

