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Muthoot Finance Limited to raise upto Rs. 500 Crores through a Public Issue of Secured Redeemable Non-Convertible Debentures

Issue Opens on March 02, 2012

Mumbai, February 29, 2012: Muthoot Finance Limited (the “**Company**” or “**Issuer**”), the largest gold financing company in India in terms of loan portfolio, according to the IMaCS Research & Analytics Industry Reports, Gold Loans Market in India, 2009 [“IMaCS Industry Report, (2010 Update)”], will open on March 02, 2012, a public issue of secured, redeemable, non-convertible debentures (“**NCDs**”) of face value of Rs. 1,000 each aggregating upto Rs. 250 Crores with an option to retain over subscription upto Rs. 250 Crores, aggregating to a total of upto Rs. 500 Crores (the “**Issue**”).

The NCD Issue with four investment options and effective yield of upto 13.43% (per annum) closes on March 17, 2012, with an option for early closure as may be decided by the duly authorised committee of Board Of Directors of the Company subject to necessary approvals. The face value of each NCD is Rs. 1,000 and the minimum application is for five NCDs (Rs. 5,000) and in multiples of one NCD thereafter.

The NCDs offered through the Prospectus are proposed to be listed on BSE Limited (“**BSE**”).

The NCDs proposed to be issued under this Issue have been rated 'CRISIL AA-/Stable' by CRISIL and '[ICRA] AA- /Stable' by ICRA.

There are three investment options:

Option I: The maturity date is 24 months from the deemed date of allotment and the interest is payable annually. The coupon rate and effective yield is 13.00% p.a. for NCD Holders in Category I (Qualified Institutions), Category II (HNIs & Corporates) and Category III (Retail).

Option II: The maturity date is 36 months from the deemed date of allotment and the interest is payable annually. The coupon rate and effective yield is 13.25% p.a. for NCD

Holders in Category I (Qualified Institutions), Category II (HNIs & Corporates), Category III (Retail) and Category IV (Non-Resident Indian on Non-repatriation basis).

Option III: The maturity date is 60 months from the deemed date of allotment and the interest is payable annually. The coupon rate and effective yield is 13.25% p.a. for NCD Holders in Category I (Qualified Institutions), Category II (HNIs & Corporates), Category III (Retail) and Category IV (Non-Resident Indian on Non-repatriation basis).

Option IV: The maturity date is 66 months from the deemed date of allotment and effective yield is 13.43% p.a. and investment amount doubles in 5 ½ years for NCD Holders in Category I (Qualified Institutions), Category II (HNIs & Corporates), Category III (Retail) and Category IV (Non-Resident Indian on Non-repatriation basis).

The funds raised through this Issue will be utilised by the Company for various financing activities including lending and investments, to repay existing liabilities or loans and towards business operations including for capital expenditure, working capital requirement and other general corporate purposes, after meeting the expenditures of and related to the Issue and subject to applicable statutory/regulatory requirements.

The Company provides personal and business loans secured by gold jewellery, or Gold Loans, primarily to individuals who possess gold jewellery but could not access formal credit within a reasonable time, or to whom credit may not be available at all, to meet unanticipated or other short-term liquidity requirements. As of December 31, 2011, the Company has branch network of 3,480 branches. The Company's Gold Loan portfolio as of September 30, 2011 comprised approximately 5.5 million loan accounts in India. As of December 31, 2011, it employed 23,219 persons in its operations.

The Lead Managers to the Issue are ICICI Securities Limited, HDFC Bank Limited, JM Financial Consultants Private Limited, Karvy Investor Services Limited, RR Investors Capital Services (P) Limited and Yes Bank Limited.

The Company has successfully raised Rs.693 crs and Rs.459crs in its earlier two Public Issue of NCDs held in August 2011 and December 2011 under Series-I and Series-II respectively.

Company's Gross Retail Loan assets under management stood at Rs.22885crs as on December 31, 2011. During the 9 months ended December 31, 2011, Company generated a PAT of Rs.657crs and its capital adequacy as on that date stood at 18.33%.

Disclaimer: Muthoot Finance Limited, is proposing, subject to market conditions and other considerations, to make a public issue of securities and has filed a Draft Prospectus with the Securities and Exchange Board of India ("SEBI"), BSE Limited and the Prospectus with the Registrar of Companies, Kerala and Lakshadweep ("RoC"), SEBI and BSE Limited. The Draft Prospectus and Prospectus are available on the website of SEBI at www.sebi.gov.in, BSE Limited at www.bseindia.com, Company at www.muthootfinance.com and the respective websites of the Lead Managers, at

www.icicisecurities.com, www.hdfcbank.com, www.jmfinancial.in , www.karvy.com, www.rfcl.com and www.yesbank.in , related to the Issue. All investors proposing to participate in the Issue should invest only on the basis of the information contained in the Prospectus (including the risk factors therein) dated February 23, 2012, filed with the RoC.