



Muthoot Finance

MUTHOOT FINANCE LIMITED

Registered and Corporate Office: Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, India
Telephone: (+91 484) 239 4712; Facsimile: (+91 484) 239 6506; Website: www.muthootfinance.com; Email: cs@muthootgroup.com

POSTAL BALLOT NOTICE

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

To
The Members,

NOTICE IS HEREBY GIVEN THAT pursuant to section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 ("Rules") and other applicable provisions, if any, approval of members of the company is sought by way of postal ballot in respect of the following resolutions:-

1. To consider and if thought fit to accord assent/dissent to the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments, modifications, variation or re-enactment thereof) (the "**Companies Act**"), the Foreign Exchange Management Act, 1999, as amended ("**FEMA**"), the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended, rules, regulations, guidelines, notifications and circulars prescribed by the Securities and Exchange Board of India ("**SEBI**") including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**ICDR Regulations**"), the Reserve Bank of India ("**RBI**") and the Government of India ("**Gol**") and/or any other competent authorities as may be required and clarifications, if any issued thereon from time to time, the equity listing agreements entered into by the Company with the stock exchanges where the Company's equity shares of face value of Rs. 10 each (the "**Equity Shares**") are listed (the "**Listing Agreement**"), and subject to any approval, consent, permission and/or sanction of Gol, SEBI, RBI and the stock exchanges, as may be required, and the enabling provisions of the Memorandum of Association and the Articles of Association of the Company, and subject to all other necessary approvals, permissions, consents and/or sanctions of concerned statutory and other relevant authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (herein referred to as the "**Board**", which term shall include any Committee thereof constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution to the extent permitted by law), consent, authority and approval is hereby accorded to the Board to create, offer, issue and allot in one or more tranches, in the course of domestic and/or international offering(s) in India and/or one or more foreign markets, by way of a public issue, including issuance of Equity Shares through an institutional placement programme under Chapter VIIIA of the ICDR Regulations, private placement, or a combination thereof, of Equity Shares, or preference shares convertible into Equity Shares, and/or any other financial instruments or securities convertible into Equity Shares or with or without detachable warrants with a right exercisable by the warrant holders to convert or subscribe to the Equity Shares or otherwise, in registered or bearer form, whether rupee denominated or denominated in foreign currency (hereinafter collectively referred to as the "**Securities**") or any combination of Securities to any person including but not limited to foreign/resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise), foreign institutional investors, Indian and/or multilateral financial institutions, mutual funds, non-resident Indians, employees of the Company, and any other categories of investors, whether they be holders of Equity Shares of the Company or not (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), (collectively referred to as the "**Investors**") at such time or times, at such price or prices, at a discount or premium to the market price or prices in such manner and on such terms and conditions including security, rate of interest, etc., including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such issue and allotment considering the prevailing market conditions and other relevant factors wherever necessary as may be decided by the Board in its absolute discretion at the time of issue of Securities in one or more offerings/tranches, such that the total number of Equity Shares held by the 'public' (as defined in the Securities Contract (Regulation) Rules, 1957, as amended) immediately at the completion of such offerings (including upon conversion of the convertible Securities) does not exceed 25 percent of the total number of outstanding Equity Shares as at the date of allotment or conversion, as the case may be, of such Securities.

RESOLVED FURTHER THAT :

- (a) the Equity Shares to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company;
- (b) the relevant date for the purposes of determining the floor price of the Securities (where applicable) would be in accordance with the guidelines prescribed by SEBI, RBI, Gol through its various departments or any other regulator, as applicable, and the pricing of any Equity Shares issued upon the conversion of the Securities shall be made subject to and in compliance with the applicable adjustments in the applicable rules/guidelines/ statutory provisions; and
- (c) the Equity Shares to be so created, offered, issued and allotted shall rank pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be from the relevant financial year in which they are allotted and/or as provided under the terms of the issue/offering in the relevant offering documents.

RESOLVED FURTHER THAT the approval is hereby accorded to the Board to appoint lead managers, underwriters, guarantors, depositories, custodians, registrars, trustees, bankers, lawyers, advisors and all such agencies as may be involved or concerned in such offerings of the Securities and to remunerate them by way of commission, brokerage, fees or the like (including reimbursement of their actual expenses) and also to enter into and execute all such arrangements, contracts/agreements, memorandum, documents, etc., with such agencies and also to seek the listing of such Securities on one or more recognised (national and international) stock exchange(s).

RESOLVED FURTHER THAT the approval is hereby accorded to the Board to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion, redemption or cancellation of the Securities or as may be necessary in accordance with the terms of the issue/ offering and all such Equity Shares shall rank pari passu with the existing Equity Shares of the Company in all respects, except the right as to dividend which shall be from the relevant financial year in which they are allotted and/or as provided under the terms of the issue/offering in the relevant offering documents.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to finalise and approve the preliminary and the final offer document, determine the form, terms and timing of the issue(s)/ offering(s), including the type of Security(ies) to be issued and allotted, the class of investors to whom the Securities are to be offered/issued and allotted, number of Securities to be issued and allotted in each tranche, issue price, face value, number of Equity Shares or other securities to be allotted upon conversion or redemption or cancellation of Securities, premium or discount amount on issue/conversion of Securities/exercise of warrants/redemption of Securities/rate of interest/period of conversion or redemption, listings on one or more stock exchanges in India and/or abroad and related or incidental matters as the Board in its absolute discretion deems fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad, and to do all acts, deeds, matters and things including creation of mortgage or charge in accordance with provisions of the Companies Act, in respect of any security as may be required either on pari passu basis or otherwise as it may in its absolute discretion deem fit and to settle any questions or difficulties that may arise in regard to the issue(s)/offering(s), allotment and conversion of any of the aforesaid Securities, utilisation of issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit.

2. To consider and if thought fit to accord assent/dissent to the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 17 and all other applicable provisions, if any of the Companies Act, 1956 (hereinafter referred to as "the Act"), including any statutory modification of re-enactment thereof for the time being in force, read with Section 192A of the Act and Companies (Passing of the Resolution by Postal Ballot) Rules 2011, as amended, relevant provisions of listing agreement, the Articles of Association of the Company, and subject to the necessary approvals, as may be required if any, in this regard from appropriate authorities and subject to such terms and conditions as may be imposed by them, the object clause of the Memorandum of Association of the Company be and is hereby amended by inserting new Sub-clause 15 after the existing Sub-clause 14 under Clause III C of the Memorandum of Association:

15. "To establish and carry on the business of White Label ATM networks in terms of Payment and Settlement Systems Act, 2007, independently or in association with other services provides as a joint venture or otherwise"

RESOLVED FURTHER THAT the Board of Directors of the Company and Mr. Rajesh A, Company Secretary be and are hereby severally authorized to accept such terms and conditions, alterations, suggestions, stipulations, amendments or modification as may be required or suggested by the Registrar of Companies or such other Statutory Authority/ties in this regard.

RESOLVED FURTHER THAT for the purpose to giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and thing as may be deemed necessary and settle any / or all questions / matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this resolution, take such further incidental and ancillary steps in this regard, as may be considered desirable or expedient by the Board in the best interests of the Company and its shareholders.

3. To consider and if thought fit to accord assent/dissent to the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 149 (2A) and other applicable provisions of the Companies Act, 1956, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company, as they deem fit from time to time, for commencement of the business proposed in Sub-clause 15 covered under the Objects Clause III C of the Memorandum of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary expedient in connection with the commencement of new business including filing of necessary e-forms with Registrar of Companies and such other regulatory authorities as may be necessary and expedient.

By order of the Board of Directors
For **MUTHOOT FINANCE LIMITED**



Rajesh A
Company Secretary

Place : Kochi - 18
Dated : 29.10.12

Notes:

1. Explanatory Statement for proposed Special Resolutions pursuant to Section 173(2) read with Section 192A of the Companies Act, 1956 is given hereunder;
2. The Notice is being sent under registered post acknowledgement due and by electronic mode, to all the Members whose names would appear in the Register of Members / Record of Depositories, as of 26.10.2012
3. Members are requested to carefully read the instructions printed on the backside of the Postal Ballot Form before exercising their vote.
4. The board of directors has appointed Mr. Thomas Shanti, Practicing Chartered Accountant, Kochi as the scrutinizer (the "Scrutinizer") for conducting the postal ballot process in a fair and transparent manner.
5. You are requested to carefully read the instructions printed in the postal ballot form and either vote electronically through www.evotingindia.com, (detailed instruction in this regard is mentioned at the back of the postal ballot form) OR return the postal ballot form (no other form or photocopy is permitted) duly completed in the attached self addressed, postage pre-paid envelope so as to reach the Scrutinizer by not later than the close of working hours on 03.12.2012. Electronic vote or postal ballot forms received after this time/date will be strictly treated as if the reply from the concerned member has not been received. The postage will be borne and paid by the company.
6. The Scrutinizer will submit his report to the Chairman of the company or in his absence to any other designated director of the company after completion of scrutiny of e-voting and postal ballot forms received.
7. The result of voting by postal ballot will be announced at 3.00 p.m. on 04.12.2012 at the registered office of the company at Muthoot Chambers, Opposite Saritha Theatre Complex, Banerji Road, Kochi - 18, Kerala and will be communicated to the BSE Limited and National Stock Exchange of India Limited, where the equity shares of the Company are listed.
8. The date of announcement of the result of postal ballot shall be taken to be the date of passing of the resolution.

ANNEXURE TO THE NOTICE**Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956****Item No: 01**

The Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") and Clause 40A of the Equity Listing Agreement provide for a mandatory public shareholding of at least 25% for all listed companies. Listed companies that have public shareholding of less than 25% are required to increase their public shareholding to 25% in the manner prescribed by the Securities and Exchange Board of India ("**SEBI**"). The public shareholding of Muthoot Finance Limited ("**Company**") as at 30th September, 2012 was [19.88]% of the issued and paid-up equity share capital of the Company.

The Company proposes to increase the public shareholding of the Company to 25% by creating, offering, issuing and allotting in one or more tranches, in the course of domestic and/or international offering(s) in India and/or one or more foreign markets, by way of a public issue, including issuance of Equity Shares through an institutional placement programme under Chapter VIIIA of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**ICDR Regulations**") private placement, or a combination thereof, Equity Shares, or issuing preference shares convertible into Equity Shares, and/or any other financial instruments or securities convertible into Equity Shares (hereinafter collectively referred to as the "**Securities**") to any person including but not limited to foreign/resident investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise), foreign institutional investors, Indian and/or multilateral financial institutions, mutual funds, non-resident Indians, employees of the Company, and/or any other categories of investors, whether they be holders of shares Equity Shares of the Company or not (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted), (collectively referred to as the "**Investors**"), subject to receipt of requisite approvals and market conditions, in order to increase its public shareholding. The funds raised through the above will be utilised, inter alia, for following purposes:

1. For our various financing activities including lending and investments, to repay our existing liabilities or loans and towards our business operations including for our capital expenditure and working capital requirements and general corporate purposes, after meeting the expenditures of and related to the issue and subject to applicable statutory / regulatory requirements.
2. Interim use of proceeds
Pending utilisation for the purposes described above, Company intend to temporarily invest the funds in interest bearing liquid instruments including deposits with banks and investments in liquid (not equity) mutual funds, as may be approved by the Board, and/or any duly constituted committee of Directors of our Company, as the case may be. Such investments would be in accordance with the investment policies approved by our Board from time to time.

The resolution at Item No. 1 seeks to empower the board of directors of the Company ("**Board**") to issue Securities by various means such as a public issue, private placement or a combination thereof, including an institutional placement program in terms of Chapter VIIIA of the ICDR Regulations in one or more offerings/tranches, such that the total number of Equity Shares held by the public (as defined in the SCRR immediately at the completion of such offerings (including upon conversion of the convertible Securities) does not exceed 25% of the total number of outstanding Equity Shares at the date of allotment or conversion, as the case may be of such Securities, at such time or time, at such price or prices and to such

person(s) including Institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the issue(s)/offering(s) will be determined by the Board in its sole discretion and/or in consultation with the advisors, lead managers, underwriters and such other authority or authorities as maybe necessary considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The Board may in its discretion adapt any mechanism in order to facilitate and meet its objectives as stated in aforesaid paragraphs.

The Equity Shares allotted or arising out of conversion of any Securities would be listed. The offer/issue/allotment/conversion/redemption would be subject to the availability of regulatory approvals, if any. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the provisions of the Listing Agreement.

Sec 81(1A) of the Companies Act and the relevant clauses of the Listing Agreement with the stock exchanges where the Equity Shares of the Company are listed provide, Inter alia, that when it is proposed to increase the Issued capital of a Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such Company in the manner laid down in Section 81(1A) of the Companies Act unless the shareholders in a General Meeting decide otherwise. Since, the resolution at Item No. 1 proposed in the business of the Notice may result in issue of Equity Shares of the Company to persons other than shareholders of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act and in terms of the provisions of the Listing Agreement executed by the Company with the stock exchanges where the Equity Shares of the Company are listed.

The resolution at Item No. 1, if passed, will have the effect of allowing the Board to offer issue and allot Securities to the Investors, who may or may not be the existing shareholders of the Company.

The directors of the Company may be deemed to be concerned or interested in the passing of resolution at Item No. 1 to the extent of securities issued/allotted to them or to the companies in which they are directors or members. Save as aforesaid none of the directors of the Company is in any way interested in this resolution.

The Board recommends the resolution for the approval of the members as a Special Resolution.

Item No: 02 & 03

In terms of existing rules/regulations, only banks are permitted by Reserve Bank of India (RBI) to set up Automated Teller Machines (ATMs) as extended delivery channels. In spite of the banks' pioneering efforts in setting up ATMs across the country, the penetration of ATMs into tier II and tier III cities in the Country has been on the lower side over the years. Keeping in view this fact, the Reserve Bank of India vide its circular no. DPSS.CO.PD. No. 2298/02.10.002/2011-2012 dated June 20, 2012 has permitted non-banking entities to set up ATMs known as White Label ATMs after obtaining authorization from RBI under the Payment and Settlement Systems (PSS) Act 2007. The Company is presently engaged in the business of financing against the security of gold ornaments and has a branch network of 3,853 branches as on September 30, 2012 spread across 21 states and 4 union territories. Your Board of Directors feel that setting up White Label ATMs across all our branches and in other business centre across the country would benefit not only our customers but also will help your Company to increase its visibility and customer base in long run. Moreover, establishment of White Label ATMs will help our Company to enhance the value of our customer service. One of the eligibility criteria for setting up of White Label ATMs is that the Memorandum of Association (MOA) of the applicant entity must cover the proposed activity of operating White Label ATMs

Section 17 of the Companies Act, 1956 stipulates that the Objects Clause of the Memorandum of Association can be altered by a Special Resolution passed by the Shareholders of the Company. Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 stipulates that the consent of the shareholders of the Company for this purpose shall be obtained by means of Postal Ballot. Accordingly, it is proposed to seek the shareholders' approval by way of Postal Ballot for the amendment to the Object Clause of the Memorandum of Association by inserting new Sub-clause 15 after the existing Sub-clause 14 under Clause III C.

Pursuant to Section 149(2A) of the Companies Act, 1956, approval of the shareholders is necessary by way of Special Resolution before commencement of any new business. Accordingly, approval of the shareholders is sought for commencement and carrying out of all or any of the new business and activities as mentioned in Sub-clause 15 under Clause III C, stated under Item No. 1.

The Board recommends the Special Resolutions as set out in the Item Nos. 2 & 3 of the Notice for approval by the shareholders.

None of the Directors of the Company is concerned or interested in the aforesaid Special Resolutions except to the extent of shares held by them in the Company.

By order of the Board of Directors
For **MUTHOOT FINANCE LIMITED**



Rajesh A
Company Secretary

Place : Kochi - 18
Dated : 29.10.12