



Press Release for immediate publication

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Muthoot Finance Limited to raise upto Rs. 600 Crores through a Public Issue of Secured Redeemable Non-Convertible Debentures

~Issue Opens on December 22, 2011~

Mumbai, December 19, 2011: 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 December 22, 2011, a public issue of secured, redeemable, non-convertible debentures (“**NCDs**”) of face value of Rs. 1,000 each aggregating upto Rs. 300 Crores with an option to retain over subscription upto Rs. 300 Crores, aggregating to a total of upto Rs. 600 Crores (the “**Issue**”).

The NCD Issue with four investment options and effective yield of upto 13.43% (per annum) closes on January 07, 2011, 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 for an amount of upto Rs. 600 Crores vide their respective letters dated November 29, 2011.

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 1, Category II and Category III.

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 1 Category II and Category III.

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 1 Category II and Category III.

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, Category II and Category III

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 and working capital requirements, 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 September 30, 2011, the Company has branch network of 3,274 branches. The Company's Gold Loan portfolio as of September 30, 2011 comprised approximately 5.5 million loan accounts in India that it serviced through 3,274 branches across 20 states, the national capital territory of Delhi and four union territories in India.. As of September 30, 2011, it employed 21,543 persons in its operations.

The Lead Managers to the Issue are ICICI Securities Limited, AK Capital Services Limited, HDFC Bank Limited, and Karvy Investor Services Limited. The Co-Lead Managers to the Issue are SMC Capitals Limited and RR Investors Capital Services (P) Limited.

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"). The Draft Prospectus and Prospectus are available on the website of SEBI, BSE Limited and the respective websites of the Lead Managers, at www.icicisecurities.com, www.akcapindia.com www.hdfcbank.com and www.karvy.com, and the Co-Lead Managers at www.smccapitals.com and www.rrfcl.com, 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 December 16, 2011, filed with the RoC.

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