



The Muthoot Group

Muthoot Finance Limited

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Banerji Road, Kochi - 682 018
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Scrip Code: 533398
Symbol: MUTHOOTFIN

Ref: SEC/MFL/SE/2016/2142

May 27, 2016

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

BSE Limited
Department of Corporate Services
P. J. Tower, Dalal Street,
Mumbai 400 001

Dear Sir/Madam,

Muthoot Finance Ltd - Press release regarding 'MUTHOOT FINANCE ANNOUNCES ITS ENTRY INTO MICROFINANCE BUSINESS'

We herewith enclose a copy of Press release regarding 'MUTHOOT FINANCE ANNOUNCES ITS ENTRY INTO MICROFINANCE BUSINESS' proposed to be made in the leading newspapers across the country. Request you to kindly take on record the same and acknowledge the receipt.

This is for your kind information and record thereon.

Thanking You,

For Muthoot Finance Limited

Maxin James
Company Secretary



MUTHOOT FINANCE LIMITED

Registered and Corporate Office: Muthoot Chambers,

Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, India.

CIN No. L65910KL1997PLC011300

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PRESS RELEASE: May 27 ,2016

MUTHOOT FINANCE ANNOUNCES ITS ENTRY INTO MICROFINANCE BUSINESS

Muthoot Finance Ltd has acquired 13.93% of equity share capital of M/s. Belstar Investment and Finance Private Limited (BIFPL) in May 2016 and has entered into binding agreement to acquire another 5.57% cumulatively 19.50%. BIFPL is an NBFC engaged in the business of micro finance based out Chennai. The Company is also planning to acquire additional 11.14% subject to regulatory approvals in this regard. Further , the Company has entered into binding term sheet to infuse Rs. 40crs. Consequent to the completion of above transactions ,the Company will be holding 57% of equity share capital of M/s Belstar thereby making it a subsidiary.

BIFPL was incorporated on January 1988 at Bangalore and the Company was registered with the RBI in March 2001 as a Non- Banking Finance Company. The Company was reclassified as “NBFC-MFI” by RBI effective from 11th December 2013.

BIFPL was acquired by the ‘Hand in Hand’ group in September 2008 to provide scalable microfinance services to entrepreneurs nurtured by ‘Hand in Hand’s’ Self Help Group (SHG) program. The Company commenced its first lending operations at Haveri District of Karnataka in March 2009 to 3 SHGs, 22 members for INR 0.02 crores.

In the last six years of its operations, BIFPL primarily relied on taking over the existing groups formed by Hand in Hand India . BIFPL predominantly follows the SHG model of lending. Effective January 2015, BIFPL started working in JLG model of lending in Pune district, Maharashtra.

As of March 31, 2016, BIFPL operations are spread over four states and 1 UT (Tamil Nadu, Karnataka, Madhya Pradesh, Maharashtra and Pondicherry). It has 76 branches, with 13 controlling regional offices in 12 Districts and employs 561 staff. Its loan portfolio has grown from INR 0.02 Crores in March 2009 to INR 264 crores in March 2016. For FY 15 , Its Net Profit After Tax was Rs.3crs and has a Networth of Rs.33.80crs.

Its operations are spearheaded by Dr. Kalpana Sankar, one of the promoters, who is a doctorate in theoretical nuclear physics as well as women’s development and who has more than two decades of rich experience in Microfinance related activities. She has been able to create a professional management team that understands the pulse of the geography where Belstar operates.

Speaking on the occasion , Mr. George Alexander Muthoot , MD, Muthoot Finance Ltd said “Board felt that adverse issues pertaining to Micro Finance sector has more or less settled and it is an appropriate time for our entry into this business. Muthoot Finance has found that Belstar carries inherent ability to manage microfinance business in its true spirit. Hence it fits into our vision and model. We feel that with the support of Muthoot Finance , Belstar will be able to scale up its business further.”

Dr. Kalpana Sankar, MD, Belstar Investment and Finance Private Limited stated “Muthoot acquisition of Belstar’s shares as a strategic investor puts us in an advantageous position in terms of scaling up. We feel that MFIs credibility , branch network and market positioning gives us confidence to scale up our business.”