



Muthoot Finance Limited

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Scrip Code: 533398
Symbol: MUTHOOTFIN
ISIN: INE414G01012

Ref: SEC/MFL/SE/2016/ 2157

June 07, 2016

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

Dear Sir/Madam,

Re: Muthoot Finance Ltd- Clarification By Company on query raised by NSE

Please find clarification by the Company on query raised by Exchange on our disclosure regarding a press release dated May 27, 2016 titled "Muthoot Finance announces its Entry into Microfinance Business".

Request you to kindly take on record the information.

Thanking You,

For Muthoot Finance Limited

Maxin James
Company Secretary

1. 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";

Clarification: No. The acquisition wouldn't fall within related party transactions.

2. Brief details of any governmental or regulatory approvals required for the acquisition;

Clarification: Any acquisition in NBFC beyond 26% requires approval of Reserve Bank of India and Target company need to obtain approval before allowing such change in their shareholding. The present acquisition of 13.93% and further acquisition of 5.57% for which company has entered into binding agreement with an existing shareholder of the Target Company is within above said limits and hence do not require any approval. Its plan to acquire additional 11.14% is subject to regulatory approval as cumulative shareholding will exceed 26%. Once the regulatory approval is received, we intend to infuse Rs.40crs as share capital by way of subscription to fresh issue of shares as per binding term sheet entered into with the target company.

3. Indicative time period for completion of the acquisition;

Clarification: The Company has already acquired 13.93% and is in the process of completion of acquisition of additional 5.57%. Company is awaiting regulatory approval for the acquisition/subscription of the remaining of remaining 26.5%, since acquisition of more than 26% in equity share capital of Target Company require prior approval of Reserve Bank of India.

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

Clarification:

Acquisition of 44,00,000 equity shares from existing shareholders @ Rs.35per equity share with a total consideration of Rs.15.40crs.Fresh subscription of 88,88,888 equity shares @ Rs.45 per equity share with a total consideration of Rs.40crs

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

Clarification: Consideration is paid in cash.

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

The Company has acquired 13.93% of equity share capital of Target Company and has entered into binding agreement to acquire another 5.57% cumulatively 19.50%. Company is also planning to acquire additional 11.14% subject to regulatory approvals in this regard. Company has also entered into binding term sheet to infuse Rs.40crs by way subscription to fresh issue of equity shares to acquire 26.5%.Post the above transaction, Company will hold 57% of the target company.

7. 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);

Clarification: Target Company is an NBFC engaged in the business of micro finance based out Chennai. 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. Consequent to the completion of above transactions, the Company will be holding 57% of equity share capital of Target Company thereby making it a subsidiary.

8. 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).

Clarification: Target Company 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.

As of March 31, 2016, Target Company's 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.3 crs and has a Networth of Rs. 33.80crs.

Summary of Financials for last three years:

FY	Networth	Asset Under Management	Total Income	Rs. In crs	
				Profit Tax	After
2014-15	33.80	203.83	36.47	3.00	
2013-14	30.79	123.36	25.32	2.60	
2012-13	19.79	96.22	22.77	1.38	

