

**PUBLIC ISSUE OF SECURED NON-CONVERTIBLE DEBENTURES
OF MUTHOOT FINANCE LIMITED of face value Rs. 1,000 upto ₹ 5000 million**

Issue Opening	March 02, 2012
Issue Closing	March 17, 2012*

*Company may choose to exercise the option of early closure or extend the issue upto a period of 30 days from the issue opening date. In case of early closure, notice shall be given on or before the day of such early date of closure through advertisement/s in a leading national daily newspaper

Company Profile:

- Largest gold financing company in India in terms of loan portfolio*
- Largest branch network among gold loan NBFCs in India*
- Systemically Important Non deposit taking NBFC status given by RBI
- Track record of over 72 years
- Customers includes small businessmen, vendors, traders, farmers and salaried individuals
- Pan-India presence through 3480** branches
- Total employee strength was approximately 23,219**

Financial Highlights:

- Total Gold Loan under Management grew from Rs. 2,179 cr in FY08 to Rs. 15,728 cr as in FY11 – a CAGR of 93%
- Total Income of ₹ 2316 Cr & Profit After Tax of ₹ 494 Cr for FY 2011
- Gross NPA of 0.59% of gross retail loan portfolio under management as on September 30, 2011
- Capital Adequacy Ratio (CAR) of 18.24% as on September 30, 2011

Strengths

- Market leader in the Gold Loan business with a strong presence in under-served rural and semi-urban markets
 - Largest gold financing company in India in terms of loan portfolio*
 - Largest branch network among gold loan NBFCs* (3480 branches as of December 31, 2011)
 - Recognizable brand in the rural and semi-urban markets of India, particularly in the southern Indian states
- Strong brand name, track record, management expertise and Promoter support
- High-quality customer service and short response time
- Strong capital raising ability (have been assigned an “A1+” rating by ICRA for commercial paper and for short-term non-convertible debentures and “A1+” rating by CRISIL for short term debt instruments)
- In-house training capabilities to meet branch expansion requirements

Strategies

- Strengthening of market leadership position in Southern Indian states along with expansion of branch network & visibility in other regions of India, particularly in Northern India
- Target new customer segments to include upper-middle income and upper income groups in addition to lower and middle income groups
- Access low-cost and diversified sources of funds
- Strengthen our operating processes and risk management systems

* Source: IMAcS Industry Report, (2010 Update)

** Figures as on 31st December 2011

ISSUE STRUCTURE

Particulars	Terms and Conditions
Minimum Application Size	₹ 5,000 (5 NCDs) (for all options of NCDs, namely Options I, Option II, Option III and Option IV either taken individually or collectively)
Mode of allotment	Compulsorily in dematerialised form
Terms of Payment	Full amount on application
Trading Lot	1 (one) NCD
Who can Apply	<p><u>Category I</u></p> <ul style="list-style-type: none"> • Public Financial Institutions, Statutory Corporations, Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs; • Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; • Venture Capital funds registered with SEBI; • Insurance Companies registered with the IRDA; • National Investment Fund; and • Mutual Funds; <p><u>Category II</u></p> <ul style="list-style-type: none"> • Companies; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Public/private charitable/religious trusts which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; and • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009) • Resident Indian individuals and Hindu Undivided Families through the Karta applying for NCDs aggregating to a value exceeding ₹ 500,000, across all series of NCDs, (Option I and/or Option II and/or Option III and/or Option IV) <p><u>Category III</u></p> <p>Resident Indian individuals and Hindu Undivided Families through the Karta applying for NCDs aggregating to a value not more than ₹ 500,000, across all series of NCDs, (Option I and/or Option II and/or Option III and/or Option IV)</p> <p><u>Category IV</u></p> <p>NRIs - on a non-repatriation basis only**</p>
Listing of the NCDs	BSE
Debenture Trustee	IDBI Trusteeship Services Limited
Lead Managers	ICICI Securities Limited, JM Financial Consultants Private Limited, HDFC Bank Limited, Karvy Investor Services Limited, RR Investors Capital Limited and Yes Bank Limited
Depositories	NSDL and CDSL

Registrar	Link Intime India Private Limited
Pay-in date	3 (Three) Business Days from the date of receipt of application or the date of realisation of the cheques/demand drafts, whichever is later.
Deemed date of allotment	Deemed date of allotment shall be the date as decided by the duly authorised committee of the Board constituted by resolution of the Board dated July 25, 2011, and as mentioned on the Allotment Advice / regret.
Day count basis	Actual/Actual
Risk Factors	See "Risk Factors" beginning on page 86 of Prospectus for a discussion of risks you should consider before investing in the Bonds

**An NRI can only apply under Category IV, for Option II, Option III and Option IV NCDs offered in the Issue subject to the conditions and restrictions contained in the FEMA (Borrowing or Lending in Rupees) Regulations, 2000, and other applicable statutory and/or regulatory requirements

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, the applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue. For further details, please see "Issue Procedure" on page 207.

TERMS OF THE ISSUE

Options	I	II	III	IV
Frequency of Interest Payment	Annual	Annual	Annual	NA
Minimum Application	₹ 5,000 (5 NCDs) (for all options of NCDs, namely Options I, Option II, Option III and Option IV either taken individually or collectively)			
In Multiples of	₹ 1,000 (1 NCD)			
Face Value of NCDs (₹ / NCD)	₹ 1,000			
Issue Price (₹ / NCD)	₹ 1,000			
Mode of Interest Payment	Through various options available			
Coupon Rate (%) for NCD Holders in Category I, Category II and Category III	13.00%	13.25%	13.25%	NA
Coupon Rate (%) for NCD Holders in Category IV	N/A	13.25%	13.25%	NA
Effective Yield (per annum) for NCD Holders in Category I, Category II and Category III	13.00%	13.25%	13.25%	13.43%
Effective Yield (per annum) for NCD Holders in Category IV	N/A	13.25%	13.25%	13.43%
Tenor	24 months	36 months	60 months	66 months
Redemption date	24 months from the Deemed Date of Allotment	36 months from the Deemed Date of Allotment	60 months from the Deemed Date of Allotment	66 months from the Deemed Date of Allotment
Redemption amount (per NCD)	Repayment of the Face Value plus any interest that may have accrued at the Redemption Date.			₹ 2000
Nature of Indebtedness	Pari passu with other secured creditors and priority over unsecured creditors			
Credit Rating	'CRISIL AA-/Stable' by CRISIL & '[ICRA] AA-(stable)' by ICRA			
Deemed Date of Allotment	Deemed date of allotment shall be the date as decided by the duly authorised committee of the Board constituted by resolution of the Board dated July 25, 2011, and as mentioned on the Allotment Advice / regret.			
Security	First pari passu charge on the identified immovable property and a first pari passu charge on current assets, book debts, loans and advances, and receivables including gold loan receivables, both present and future			
Interest on Application Money	13% per Annum from the date of realization of the cheque(s)/demand draft(s) or after 3 (three) days from the date of receipt of the application, whichever is later. For further details, please refer to the prospectus.			
Interest on Refund Money	13% per Annum from the date of realization of the cheque(s)/demand draft(s) or after 3 (three) days from the date of receipt of the application, whichever is later upto one day prior to the Deemed Date of Allotment subject to invalid or withdrawn application. For further details, please refer to the prospectus.			