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Muthoot Finance Limited

Our Company was originally incorporated as a private limited company on March 14, 1997 under the provisions of the Companies Act, 1956, with the name "The Muthoot Finance Private Limited". Subsequently, by a fresh certificate of incorporation dated May 16, 2007, our name was changed to "Muthoot Finance Private Limited". Our Company was converted into a public limited company on November 18, 2008 with the name "Muthoot Finance Limited" and received a fresh certificate of incorporation consequent to change in status on December 02, 2008 from the Registrar of Companies, Kerala and Lakshadweep. For further details regarding changes to the name and registered office of our Company, see section titled "History and Certain Corporate Matters" on page 127 of the Red Herring Prospectus. **Registered and Corporate Office:** Muthoot Chambers, Opposite Saritha Theatre Complex, 2nd Floor, Banerji Road, Kochi 682 018, India. **Tel:** (91 484) 239 4712; **Fax:** (91 484) 239 6506; **Website:** www.muthootfinance.com; **Email:** investors@muthootfinance.com. **Company Secretary and Compliance Officer:** Rajesh A.; **Tel:** (91 484) 353 5533; **Fax:** (91 484) 239 6506; **E-mail:** cs@muthootfinance.com

PUBLIC ISSUE OF 51,500,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH (THE "EQUITY SHARE") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE, AGGREGATING UPTO ₹ [•] MILLION (THE "ISSUE") BY MUTHOOT FINANCE LIMITED (THE "COMPANY" OR THE "ISSUER"). THE ISSUE WILL CONSTITUTE 13.85% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

PRICE BAND: ₹ 160 TO ₹ 175 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH

THE FLOOR PRICE IS 16 TIMES THE FACE VALUE AND THE CAP PRICE IS 17.5 TIMES THE FACE VALUE

BIDS CAN BE MADE FOR MINIMUM OF 40 EQUITY SHARES AND IN MULTIPLES OF 40 EQUITY SHARES THEREAFTER.

The Company, in consultation with the BRLMs and CBRLM, has decided not to offer any discount on the Issue Price to Retail Individual Bidders

PROMOTERS: M.G. GEORGE MUTHOOT, GEORGE THOMAS MUTHOOT, GEORGE JACOB MUTHOOT AND GEORGE ALEXANDER MUTHOOT

PUBLIC NOTICE

This addendum cum corrigendum ("Addendum cum Corrigendum") should be read in conjunction with the Red Herring Prospectus dated April 07, 2011, filed with Registrar of Companies, Kerala and Lakshadweep ("RHP"), Bid cum Application Form, ASBA Form and the statutory advertisement issued by the Company on April 11, 2011. Investors should note the following updates to the Red Herring Prospectus, Bid cum Application Form and ASBA Form:

1. In the section titled "Risk Factors",

In relation to litigation pertaining to Muthoot Vehicle & Asset Finance Limited, the following additional litigations (with associated aggregate approximate amounts involved) have been included,

Litigation against Muthoot Vehicle & Asset Finance Limited:

Nature of outstanding litigations	Aggregate approximate amount involved (in ₹)
3 civil suits by customers	1,252,968
5 consumer complaints	2,280,480
1 arbitration claim	1,214,400
1 civil suit for recovery of possession and mesne profits	N.A.
2 tax disputes	3,293,141

Litigation by Muthoot Vehicle & Asset Finance Limited:

Nature of outstanding litigations	Aggregate approximate amount involved (in ₹)
56 criminal complaints under Section 138 of the Negotiable Instruments Act, 1881	9,598,039
10 civil suits	2,431,897
9 execution petitions for enforcing decree of courts	3,259,597
4 criminal prosecution	N.A.

Accordingly, at page 10 and 11 of the RHP, page 8 of the Bid cum Application Form and page 8 of the ASBA Form, under the head "Litigation against our Company, our Promoters, our Directors, and our Group Companies" in relation to tabulated disclosures relating to Muthoot Vehicle & Asset Finance Limited, the following shall replace existing disclosures in relation to litigation against Muthoot Vehicle & Asset Finance Limited:

Name of entity/person	Nature and number of outstanding litigations	Aggregate approximate amount involved (in ₹)
Muthoot Vehicle & Asset Finance Limited	5 civil suits by customers	1,852,968
	23 consumer complaints	5,880,480
	65 arbitration appeals	21,362,242
	1 arbitration claim	1,214,400
	1 civil suit for recovery of possession and mesne profits	N.A.
	2 tax disputes	3,293,141

Accordingly, at page 11 of the RHP, page 8 of the Bid cum Application Form and page 8 of the ASBA Form, under the head "Litigation by our Company and our Group Companies" in relation to tabulated disclosures relating to Muthoot Vehicle & Asset Finance Limited, the following shall replace existing disclosures in relation to litigation by Muthoot Vehicle & Asset Finance Limited:

Name of entity/person	Nature and number of outstanding litigations	Aggregate approximate amount involved (in ₹)
Muthoot Vehicle & Asset Finance Limited	1800 criminal complaints under Section 138 of the Negotiable Instruments Act, 1881	214,598,039
	3164 arbitration claims	527,790,575
	1935 execution petitions for enforcing arbitral awards	390,200,000
	1 execution petition before consumer disputes redressal forum	262,074
	39 civil suits	19,742,897
	34 execution petitions for enforcing decree of courts	19,505,597
	5 criminal prosecution	N.A.

2. In the section titled "Outstanding Litigation and Material Developments":

- (a) There are 5 additional consumer proceedings pending against Muthoot Vehicle & Asset Finance Limited. At page 311 of the RHP, at the sub-section "Litigation involving Group Companies - Muthoot Vehicle & Asset Finance Limited - Cases filed against the company" the following paragraph shall replace the existing para (a):
- "(a) There are 23 consumer cases filed against Muthoot Vehicle & Asset Finance Limited. These cases have been filed by customers who have alleged deficiency in services provided by Muthoot Vehicle & Asset Finance Limited. The aggregate amount claimed in these matters is approximately ₹ 5,880,480."
- (b) There are 3 additional civil suits filed against Muthoot Vehicle & Asset Finance Limited. At page 311 of the RHP, at the sub-section "Litigation involving Group Companies - Muthoot Vehicle & Asset Finance Limited - Cases filed against the company", the following paragraph shall replace the existing para (b):
- "(b) There are 5 civil suits filed against Muthoot Vehicle & Asset Finance Limited by its customers. These cases relate to repossession of hypothecated goods by Muthoot Vehicle & Asset Finance Limited. The customers have claimed for injunctive relief against the repossession of the hypothecated goods by Muthoot Vehicle & Asset Finance Limited. The aggregate amount claimed in these matters is approximately ₹ 1,852,968."
- (c) There is one arbitration claim filed against Muthoot Vehicle & Asset Finance Limited. At page 311 of the RHP, at the sub-section "Litigation involving Group Companies - Muthoot Vehicle & Asset Finance Limited - Cases filed against the company", the following paragraph shall be included as para (d):
- "(d) A borrower of Muthoot Vehicle & Asset Finance Limited has filed an arbitration claim, claiming that Muthoot Vehicle & Asset Finance Limited had forcibly repossessed the vehicle purchased by the claimant availing finance facility from Muthoot Vehicle & Asset Finance Limited. The claimant has filed the arbitration claim seeking an amount of ₹ 1,214,400 together with costs of the proceedings, claiming value of the amounts invested by the claimant on the vehicle."
- (d) There is one civil suit for recovery of possession and mesne profits filed against Muthoot Vehicle & Asset Finance Limited. At page 311 of the RHP, at the sub-section "Litigation involving Group Companies - Muthoot Vehicle & Asset Finance Limited - Cases filed against the company", the following paragraph shall be included as para (e):
- "(e) Pressman Estates and Investments Limited has filed a civil suit as Suit no. 2600 of 1998 before the High Court of Delhi against Muthoot Vehicle & Asset Finance Limited. Pressman Estates and Investments Limited is claiming recovery of possession of property allegedly leased in the year 1995 to Muthoot Vehicle & Asset Finance Limited by Pressman Estates and Investments Limited. The suit also claims for damages of ₹ 115,000 together with 24% interest from the date of the institution of the suit till payment of the sum and a further damages / mesne profits for an amount of ₹ 5,000 per day from the date of institution of the suit till date of handing over of vacant possession for the first year, and thereafter ₹ 6,000 per day for the second year, ₹ 7,000 per day for the third year and so on with an increase in ₹ 1,000 per day as damages every year together with interest at 24% per annum till actual realization of such amounts. Muthoot Vehicle & Asset Finance Limited has filed a written statement and counter claim in the proceedings and is contesting the matter and has claimed an aggregate amount of ₹ 24,90,000 towards refund of security deposit, refund of amounts spent on the leased premises and for damages. The matter has been renumbered as C.S. (O.S.) No. 1710 of 2007 and is currently pending in the High Court of Delhi"
- (e) There are 56 additional criminal complaints under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques filed by Muthoot Vehicle & Asset Finance Limited. At page 311 of the RHP, at the sub-section "Litigation involving Group Companies - Muthoot Vehicle & Asset Finance Limited - Cases filed by the company", the following paragraph shall replace the existing para (a):
- "(a) Muthoot Vehicle & Asset Finance Limited have filed 1800 criminal complaints under Section 138 of the Negotiable Instruments Act, 1881, for dishonour of cheques issued by its customers against amounts payable to Muthoot Vehicle & Asset Finance Limited. These proceedings are pending adjudication at various stages in different courts all over the state of Kerala. The aggregate amounts involved in these matters are approximately ₹ 214,598,039."
- (f) There are 10 additional recovery suits filed by Muthoot Vehicle & Asset Finance Limited. At page 312 of the RHP, at the sub-section "Litigation involving Group Companies - Muthoot Vehicle & Asset Finance Limited - Cases filed by the company", the following paragraph shall replace the existing para (e):
- "(e) Muthoot Vehicle & Asset Finance Limited has filed 39 suits for recovery of amounts from its borrowers before various civil courts in Kerala, Karnataka and Delhi. The aggregate amounts claimed in these proceedings are approximately ₹ 19,742,897."
- (g) There are 9 additional execution petitions for recovery of money filed by Muthoot Vehicle & Asset Finance Limited. At page 312 of the RHP, at the sub-section "Group Companies - Muthoot Vehicle & Asset Finance Limited - Cases filed by the company", the following paragraph shall replace the existing para (f):
- "(f) Muthoot Vehicle & Asset Finance Limited have filed 34 execution petitions for recovery of approximately ₹ 19,505,597 from borrowers, in relation to proceedings decreed in favour of Muthoot Vehicle & Asset Finance Limited."
- (h) There are 4 additional criminal complaints against its borrowers filed by Muthoot Vehicle & Asset Finance Limited. At page 312 of the RHP, at the sub-section "Litigation involving Group Companies - Muthoot Vehicle & Asset Finance Limited - Cases filed by the company", the following paragraph shall replace the existing para (g):
- "(g) Muthoot Vehicle & Asset Finance Limited have filed 5 criminal complaints against its borrowers alleging that the borrowers had borrowed amounts from Muthoot Vehicle & Asset Finance Limited and have committed criminal breach of trust and cheated on Muthoot Vehicle & Asset Finance Limited by not repaying the loan amount."
- (i) There are 2 additional income tax demands against Muthoot Vehicle & Asset Finance Limited. At page 316 of the RHP, at the sub-section titled "Litigation involving Group Companies - Income tax cases", the following paragraph shall be inserted as para (e) after the existing para (d):
- "(e) Muthoot Vehicle & Asset Finance Limited filed return for the assessment year 1996-1997 under the Interest Tax Act declaring the chargeable interest at ₹ 5,972,414 and for assessment year 1997-98 Muthoot Vehicle & Asset Finance Limited filed return under the Interest Tax Act declaring the chargeable interest at ₹ 6,572,399. The assessing officer in the Assessment Orders for the aforementioned assessment years, rejected the claim of Muthoot Vehicle & Asset Finance Limited that no interest tax can be levied on finance charges received and that the hire purchase transactions entered into by them are essentially financing transactions and the hire purchase charges collected by represented interest on the loan amounts and assessed an amount of ₹ 1,268,327 as interest tax due for the assessment year 1996-97 and an amount of ₹ 2,024,814 as interest tax due for the assessment year 1997-98. Muthoot Vehicle & Asset Finance Limited filed an appeal against the Assessment before the Commissioner of Income-Tax (Appeals) Cochin, who confirmed the view of assessing officer. Muthoot Vehicle & Asset Finance Limited went in appeal against the order of the Commissioner of Income Tax (Appeals) Cochin, before the Income Tax Appellate Tribunal Cochin, which by a common order for assessment years 1996-1997 and 1997-1998 reversed the decisions of the Commissioner of Income Tax and the Assessing Officer on the ground that the transactions entered into by Muthoot Vehicle & Asset Finance Limited are hire purchase transactions and hence the charges collected by Muthoot Vehicle & Asset Finance Limited under his purchase agreement is not liable to interest tax. The Commissioner of Income Tax, Cochin went in appeal before the High Court of Kerala which by a common judgment dated March 10, 2008 allowed the appeals filed by the Income Tax Department and reversed the order of the Income Tax Appellate Tribunal, Cochin, and restored the original Assessment Orders. Muthoot Vehicle & Asset Finance Limited has filed a special leave to appeal before the Supreme Court of India, Special Leave Petition Nos. 24657/2008 and 24658/2008, against the judgment of the High Court of Kerala dated March 10, 2008. The matter is pending before the Supreme Court of India."

The section titled "Outstanding Litigation and Material Developments" at page 13 of the Bid cum Application Form and page 13 of the ASBA Form will accordingly stand amended for updates as mentioned in point no. 2 above.

The Red Herring Prospectus, Bid cum Application Form, ASBA Form and the statutory advertisement issued by the Company on April 11, 2011, shall stand amended accordingly to this extent. All other terms and conditions prescribed in the Red Herring Prospectus, Bid cum Application Form and ASBA Form shall continue to be applicable. We undertake to include the above updated information in the Prospectus to be filed with the Registrar of Companies, Kerala and Lakshadweep.

For **MUTHOOT FINANCE LIMITED**

on behalf of Board of Directors

Sd/-

Managing Director

Date : April 13, 2011

Place : Kochi

MUTHOOT FINANCE LIMITED is proposing to make a public issue of securities and has filed a Red Herring Prospectus with Registrar of Companies, Kerala and Lakshadweep. The Red Herring Prospectus is available on SEBI website at www.sebi.gov.in as well as on the websites of Book Running Lead Managers at www.icicisecurities.com and www.kmcc.co.in and the Co-Book Running Lead Manager at www.hdfcbank.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see section titled "Risk Factors" of the Red Herring Prospectus. This material is not an offer or sale of securities. The Shares of the Company are not being registered under the US Securities Act of 1933 and may not be offered or sold in the U.S. unless registered under the Securities Act of 1933 or pursuant to an exemption from registration. There will be no public share offering in the U.S.