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**ACCOLADES**


## MUTHOOT FINCORP TO RAISE RS 800 Cr. FOR EXPANSION

Mr. Thomas Muthoot (left) - Executive Director, Mr. Thomas John Muthoot -CMD, and Mr. Thomas George Muthoot- Director - Muthoot Fincorp.

Muthoot Fincorp Ltd, the flagship financial services firm of the Muthoot Pappachan Group is looking to raise Rs 600 crore to Rs 800 crore from private equity (PE) funds, to grow its fledgling microfinance business aggressively, said Mr Thomas John Muthoot, Chairman and Managing Director. The Microfinance division, which is operational as a Self-Oriented Unit within Muthoot Fincorp, will be spun off into a separate company (Muthoot Microfin Ltd.) as the group has received an NBFC-MFI licence from the Reserve Bank of India earlier this year.

The Muthoot Pappachan Group, which is one of the pioneers and largest lenders of loans against gold in the country, said in a statement that Microfinance division, which began operations five years ago, is the seventh largest microcredit entity in

India. It has a customer base of 1 million women borrowers and an asset book of Rs 1,500 crore (as on March 31, 2015).

The firm aims to double its loan book to Rs 3,000 crore in the next two years. It presently has operations across Kerala, Tamil Nadu, Gujarat, Karnataka, Maharashtra, Goa, Orissa, Madhya Pradesh and Uttar Pradesh and plans to expand widely in the northern states by the end of FY16. As it seeks to expand its reach, Microfinance business will utilise the PE money, along the additional equity of Rs. 200 crore to be put in by the promoters.

Muthoot Fincorp disbursed gold loans worth Rs 15,500 crore in FY15. "The aim is to list Muthoot Fincorp by 2018," said Thomas George Muthoot, director at Muthoot Fincorp.


**OBSERVATORY**
**CLIENTS' PER CAPITA INCOME/MONTH**

Per Capita Income	Percentage
<= 1000	01.07 %
1000 - 1500	14.78 %
1501 - 2500	54.62 %
2501 - 3500	24.04 %
3501 - 5000	05.40 %
5000 Above	00.09 %

**FACTS AND FIGURES**

Group Lending	
Districts	92
Branches	302
Centres	105166
Active Members	1049382
Disbursement (April)	153.59 Cr
Total Disbursement	4053.25 Cr \$ 634.51 mn
Repayment Rate	99.80 %
ARR → 30 Days	0.20 %

**MSGB Loans**

Current Portfolio	135.92 Cr
Total Disbursement	157.07 Cr

**PERSONNEL STRENGTH**

Field Staff	3212
Total Staff	3290



## Impact



### THE COURAGE TO INITIATE

Loan ID: NPMC#1014

Pallavi Ganesh Jivankar is a 30 year old woman entrepreneur from remote Nagpur. Her husband runs a rented electronic shop in the nearby town. After marriage and giving birth to twin sons, she wished to earn something of her own and provide good education to their growing children. The experience of managing things at her husband's shop gave rise to a dream of operating a shop of herself in the neighbourhood. However, she was confused what business to do and how to pull things together. After discussion with her husband, they got an idea of opening a stationary shop nearby a school where it could sell books and stationaries needed for students and teachers.

It turned out to be a good idea, at first her husband helped with some investment and also supported her to start off the business. One year later she realized that more investment can bring more profit in to her business, but she didn't had any savings to invest. At this time, she decided to avail Muthoot's microfinance offering knowing that many women in her neighbourhood have already sought the institution's help in growing their micro enterprises.

Soon, she visited a Muthoot Microfinance branch and the staff there quickly identified worthiness of her business. The institution immediately sanctioned her loan after credit check. She knew exactly what to do with the money. She bought all the stationaries required at the school and prepared her store for the new academic year. She filled her small shop with utility goods and necessary stuffs for girl students. Being run by a woman, her shop had female students as prime customers.

The impact of the investment was remarkable, the institution also gave her lessons on financial literacy and motivation. These helped her to grow the business constantly and continuously seek progress. Pallavi now has dreams of making her small shop to a bigger one, so that she can also turn it to a ladies fancy store – which will have a lot of potential because of the school nearby. Towards this, she is planning to avail Muthoot Microfinance's Money PAC loan – provided to women taking their business to next level – soon after she finishes the present cycle.

## Financials

- Total profit (EBIT) for FY 2014-15 as of March 31, 2015 is at 223.71 crores.
- Total profit (EBIT) for the previous fiscal same period was 92.94 crores.
- The profits increased 141 % in March, 2015 year on year.
- Operational Income for FY 2014-15 as of March 31 is at 277.66 crores.

## News-Highlights

- Kallambalam, Mannar, Trivandrum-2 (Kerala) branches crossed 15000 clients in April.
- MSGB Loans added 3152 clients in April.
- MSGB Loans disbursed over Rs. 15.69 crores in April.
- IGL-Dairy added 3120 dairy farmers in April, disbursing Rs 7.94 crores.
- Dairy Loan Outstanding as on 30th April is Rs 94.71 crores from 55259 Dairy Farmers.
- Training team conducted 64 internal training programmes in April.
- A total of 592 employees were benefitted through the internal training programmes.

## Impact



## DISCOVERING THE POSSIBILITIES

Loan ID: PVCH#1412/SC

Vinitha hails from a remote village in Povachal, Kattakkada in Kerala. Two years back Vinitha was just a home maker busy with her household chores without much thought of any entrepreneurship. Her husband is a daily wage worker and the family suffered many financial difficulties at times. Every time the family faces a difficult financial situation Vinitha decides to do something of her own and provide to the family. She was very good at cooking and some of her friends in the neighbourhood suggested her to make snacks and supply it to the nearby bakeries. Instantly, Vinitha felt it as an excellent idea and discussed it with her husband.

Her husband was convinced of the plan but they didn't even had small savings to invest and start off the business. However, Vinitha already knew about Muthoot Pappachan Group's microfinance operations as her friends in the neighbourhood have already availed the institution's services. Yet, she was worried about the risk and repayment burden of the loan. Knowing about her plans, one of the relationship officers of the institution consulted her and detailed the institution's services. The

relationship officer informed her that the organisation just don't provide finance but also provides training and lessons for the clients' success and motivation.

This motivated Vinitha and the belief in Muthoot Pappachan Group brand prompted her to avail the company services and emulate other successful women entrepreneurs. Soon she started the ground works to initiate her business and had meetings with nearby bakeries to showcase and sell her food products. The bakeries had only one condition to take in her products that was quality and the same thing was Vinitha's advantage.

Vinitha started off her business with the institution's support and fortunately she never had to turn back. The quality of her food products fetched more orders for her business. Her business began to show progress step by step. Meantime, she paid off her first cycle loan and availed the second. From zero income two years back, now Vinitha earns at least Rs. 5000 every month. She built a work space and has employed other women in her business - helping them empower too.

## Initiatives

## SKILL TRAINING WORKSHOP



Muthoot Microfinance Nellimoodu branch organized skill training workshop on making Agarbathies and Paper Carry Bags for women entrepreneurs on 9th April 2015. Mr George Zen, veteran internal trainer of the institution headed the workshop sessions.

54 women entrepreneurs participated in the program. The institution constantly provides skill development trainings to its clients for their continuous growth and empowerment. The skill trainings provided to women enable them to diversify their earning opportunities.

The skills taught in the session were easy to learn and needed only very less investment. Skill training workshops conducted by the institution is implemented as a structured and pragmatic solution to address the lack of relevant skills amongst the current and potential workforce of India - that is women.

## Initiatives



## SKILL TRAINING WORKSHOP

Muthoot Microfinance Peraiyur branch (Tamil Nadu) organized skill training workshop on Bouquet making for women entrepreneurs at Grama Pothu Mandapam, T.Kallupatti on 25th April 2015. The training sessions were headed by Ms Prema and Ms Revathi – who are local trainers and experts in bouquet crafting.

Muthoot Microfinance through its inclusive programme of women's empowerment

addresses concerns of gender equality by fostering skill-building and capacity-development amongst women from some of the country's poorest neighbourhoods.

This training program turned out to be a great experience for the participants. Women's effective and gainful participation in the workforce is recognized not only as a precondition to holistic community development, but a

fundamental indicator of how a nation treats crucial half of its population – that is women. Vocational training and skill-building remains critical for both women's economic self-sufficiency and their quest of dignity and empowerment.

150 women entrepreneurs participated and benefitted from the program. The institution believes skills and knowledge are the driving forces of economic growth and social development of any country.

## Live

## MUTHOOT FINCORP EYES IPO IN NEXT 3 YEARS

*(Excerpts from article published in Moneycontrol)*

Muthoot Fincorp, the flagship company of the Muthoot Pappachan group, is gearing up for a Dalal Street entry. The company is readying itself to hit the capital markets with an Initial Public Offer (IPO) within the next three years. Muthoot Fincorp specialises in gold financing and this Initial Public Offering (IPO) will help the company gain a larger market share. The promoters are also looking to dilute 25 percent stake in the company once it goes public. Muthoot Pappachan Group is also in the

process of hiving off its microfinance business. Muthoot Microfin – the company which recently received NBFC-MFI license from RBI will be a subsidiary of Muthoot Fincorp. The group has also announced its plans to raise up to Rs 800 crore through private equity investors in the current year for Muthoot Fincorp, some of which will also go to Muthoot Microfin's services and this will help the company gain about 30 percent increase in their assets under management.