



Accolades

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MPF LAUNCHES 'SPORTS FOR DEVELOPMENT PROJECT'



Aimed at leveraging the power of activities and sports as a tool to provide under privileged children with better learning and life enhancement opportunities, Muthoot Pappachan Foundation has launched the "Sports for Development" project in collaboration with the NGO 'Magic Bus India Foundation'.

Kochi Mayor Mrs. Soumini Jain officially launched the project at Kochi on Jan 30. Padmashri Anju Bobby George, Chairperson, Target Olympic Podium Scheme (TOPS) and Ernakulam MLA, Hibi Eden were the chief guests at the function.

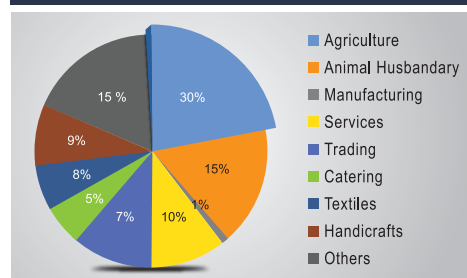
In the initial phase, the Sports for Development endeavour aims at training 4,500 children from Kochi and Thiruvananthapuram in imbibing critical life skills, helping to understand the importance of health and hygiene and developing an unbiased attitude in matters

related to gender and development. The project has been designed to aid the holistic upbringing of children and to tap their true potential in the face of adverse socio-economic circumstances.

Mr. Thomas Muthoot, Executive Director, Muthoot Pappachan Group said "It is important to channelize and harness the creative abilities of a child from an early age. We believe that activities and sports can be used as an effective tool in reaching out to these youngsters and bring out their latent talents and abilities to the fore. It is our firm belief that the collaboration with Magic Bus can go a long way in alleviating the socio-economic adversities faced by children from the underprivileged sections of society. This is a unique endeavour designed to empower the children in their journey towards becoming productive and law-abiding citizens".

Observatory

Portfolio Distribution by Activity



Facts and Figures

Group Lending	
Districts	111
Branches	331
Centres	1,36,960
Active Members	12,19,297
Disbursement (January)	₹ 202.45 Cr
Total Disbursement	₹ 5591.34 Cr \$ 827.43 mn
Repayment Rate	99.42 %
PAR > 30 Days	0.58 %

MSGB Loans

Current Portfolio	₹ 187.87 Cr
Total Disbursement	₹ 298.44 Cr

Personnel Strength

Field Staff	3702
Total Staff	3809



Impact

HELPING HAND FINALLY ARRIVES



Loan ID: TNSM#539/SC

For 45-year-old Indhira, life has always been a see-saw battle. She inherited the family business (Renting Decorating items) around 25 years ago. However, her family's standard of living hardly improved beyond a certain point all these years.

Indhira, her husband Karuppasamy and their only son live in Malayan Street, Tenkasi, in South Western Tamil Nadu. The family's earnings from the business were not sufficient for a decent living. And they also couldn't do anything to improve the business without further investment. All her efforts to raise capital failed mainly due to the inability to produce collateral security to lenders.

However, luck finally arrived for Indhira two years back as she was introduced to Muthoot Microfinance by one of her customers. She was impressed by the institution's simple and hassle free approach and immediately joined a joint-liability group and her first cycle loan was sanctioned within a week. She directly invested that money to the business and within a couple of months, the earnings started to improve.

She is now on her second cycle loan of ₹45,000. Her average monthly income

now hits ₹10,000. Moreover, Indhira has learnt a lot from the financial literacy classes and trainings Muthoot provided. As a result, she now plans to diversify her business to further increase revenue and become self-sustainable. She now understands her business more, knows how to make a profit and how to spend money to change her family's life.

Indhira has no problems paying back her loans, as her income is consistent. Hopefully it won't be too long before she could open another shop. At the moment though, Indhira and her family are enjoying the business, and are saving money so they can expand the business and also plans to build a larger house to fit their family more comfortably.

"We no longer have to live in poor conditions, and I can only thank Muthoot for the timely support my family so desperately needed at that time. I will continue my relation with Muthoot Microfinance and recommend my fellow village women to join the organization to empower themselves, said Indhira with a bright smile on her face. Indhira is a fantastic example of how Muthoot's support has made a huge impact on the lives of women in rural India.

Financials

- Total profit (EBIT) for FY 2015-16 as of December 31, 2015 is at ₹248.27 crore.
- Total profit (EBIT) for the previous fiscal same period was ₹154.27 crore.
- The profit increased 61.00% in December, 2015 year on year.
- Operational Income for FY 2015-16 as of December 31 is at ₹295.99 crore.

News-Highlights

- Opened new branches in Bantwal, Karkala (Karnataka) and Aligarh (UP).
- MSGB Loans added 3080 customers in January.
- MSGB Loans disbursed over ₹13.54 crore in January.
- IGL-Dairy added 3016 dairy farmers in January, disbursing ₹8.41 crore.
- Dairy Loan outstanding as on 31st January is ₹93.41 crore from 63,010 Dairy Farmers.
- Training team conducted 187 internal training programmes in January.
- A total of 1390 employees were benefitted through the internal training programmes.

 Impact

EMPOWERED TO ACHIEVE NEW GOALS



Loan ID: KYDM#23/3C

Kowsalya M, from Kadayam, a small village in Tirunelveli district of Tamil Nadu didn't expect that a timely loan from Muthoot Microfinance would change her life forever. The 36-year-old housewife has now become the leading breadwinner for her family of four that includes her husband Muthuswamy and two teen daughters. Kowsalya, who now runs a successful tailoring unit in her home, has only primary school qualification but her expertise in tailoring is exceptional.

However, hardly a year ago, Kowsalya and her family was finding it extremely difficult to make the two ends meet. For the last ten years, Kowsalya and her husband Muthuswamy, who is also a tailor, used to work on a single sewing machine which often required maintenance. Due to this, they found it difficult to deliver items on time resulting in losing customers. Kowsalya desperately wanted a new machine to start a small tailoring unit in her home, being very confident of her skills in the trade. However, all her efforts to find enough money to purchase a new sewing machine ended in failure.

Luckily for her, Kowsalya was introduced to Muthoot Microfinance by a friend. She was thrilled to know about the working

of the organization and joined a group immediately. Kowasalya was granted first cycle loan of ₹10,000 immediately without any collateral. With that sum of money, she bought a new sewing machine and necessary materials to run a small unit in her modest house.

In just a couple of months, not only did Kowasalya's small unit started making money and improve her financial situation, but also helped provide work opportunities for her neighbours. Her income also rose by ₹2,000 in a couple of months.

Kowsalya is now on her third cycle of loan of ₹25,000 and wants to avail a larger loan in order to establish a medium sized tailoring unit near her home. Kowsalya has earned a greater social status in the family and village. Her biggest achievement is that her two daughters are now attending better schools.

"Muthoot gave me the power to succeed. I would like to continue my association with Muthoot Microfinance as they in addition to financing, provided me with training courses in embroidery which helped me immensely", says a thankful Kowsalya.

 Initiatives

MRIBS STARTS OPERATIONS IN CHENNAI

Muthoot Risk Insurance and Broking Services Pvt Ltd (MRIBS), the insurance intermediary promoted by Muthoot Pappachan Group has started its operation in Chennai. The new office at Nandanam, Chennai was inaugurated by Mr. Thomas John Muthoot, Chairman and Managing Director, Muthoot Pappachan Group.

"The company which aims to become a national player within the next three years is targeting a business volume of ₹100 crores this financial year; and we are confident that the Tamil Nadu region will play a key role in contributing to our overall ambitious business plans. We have started this new office in Chennai, with a view to serve the Group's vast customer base within the State", said Mr. Thomas John Muthoot.

The core activity of the company is to render professional advice to both individual and corporate clients on choosing cost-effective insurance plans. Experts are available to handle Life insurance as well as General insurance portfolios. Risk management, insurance claims handling and risk assessment surveys are the other areas in which the company's expertise is available to the insuring public. MRIBS has plans to expand into Andhra Pradesh and Telangana before the end of this financial year.



MICROFINANCE SECTOR NEEDS ₹2,200CR FRESH CAPITAL TO GROW AT 40%: ICRA



The microfinance sector requires fresh equity capital to the tune of ₹900 - ₹2,200 crore over the next three years to grow at 30-40%, according to rating agency ICRA. In a report, the agency said during the first half of 2015-16, the micro-lending sector registered an expansion of 28% compared to a growth of 31% in the same period previous fiscal.

"The volume of external capital required to support MFIs (micro-finance institutions) for a compounded annual growth rate (CAGR) of 30-40% over the next three years would be ₹900-2,200 crore," ICRA added.

The report does not include the MFIs which have in-principle approvals from the Reserve Bank to become small finance banks. The sector has seen an increase of 231% in overall equity infusion, from around ₹530 crore in FY14 to ₹1,740 crore in FY15. "Access to capital would hold the key to growth for the MFI industry over the medium term," said Vibha Batra, ICRA Senior Vice-President and Group Head for Financial Sector Ratings.

On the debt side, she noted that the industry has been able to diversify its funding profile with a large number of MFIs raising funds from the debt market and the credit flow from banks improving as well. According to the report, the sector would need a debt fund requirement of ₹18,000-20,000 crore to support 30-35% growth for next one year.

The systemic softening of interest rates and shift in borrowings towards debt instruments has resulted in moderation of around 100-150 basis points in funding costs for MFIs. One basis point is one hundredth of 1%.

"Securitization continues to be a good source for fund raising owing to PSL status for these loans," Batra said. She added that the market size of MFIs was ₹1 trillion (₹1.1 trillion including Bandhan Bank) as of September 2015 but has a potential to grow nearly three-fold to ₹2.8-3.4 trillion.

"Given that MFIs have the scope to lend another 15% of their portfolio towards non-qualifying (non-microfinance) loans, they could grow their micro-enterprise

loans/micro-housing loans by an additional ₹40,000-50,000 crore," she said.

The agency said adequate MIS systems, recruitment, employee-training-and-retention are likely to remain critical performance-determining factors, given that staff attrition rate in the industry remains high at around 25% as most MFIs are in a significant expansion drive.

The asset quality indicators of the MFIs (0 days past due) of 0.41% as on March 31, 2015, as against 0.67% as of March 2014, continue to be superior to the SHG bank linkage programme. MFIs also reported 30 days past due of 0.39% as of September 2015.

Batra said the proposed Mudra Bank is also expected to bring about uniformity in regulations for all MFI entities.

"Refinancing for MFIs at lower than market rates could lead to reduction in the borrowing cost by around 60-100 bps depending on the share of funding from Mudra Bank in the overall funding mix of an MFI," Batra concluded.