



Accolades

MUTHOOT MICROFIN TO DIVEST 15% STAKE FOR PRIVATE EQUITY



Muthoot Microfin, the microfinance arm of Muthoot Pappachan Group is planning to divest up to 15 percent stake to a private equity firm for around ₹150 crores by the first quarter of 2016-17 fiscal.

"We are already at an advanced stage of discussions with a US-based private equity firm. The promoters are ready to dilute 10-15 per cent stake depending on their interest. We are looking at raising ₹150 crores and the promoters will infuse ₹250 crores along with that," Muthoot Microfin Chief Executive Officer Mr Sadaf Sayeed said.

The move is a part of fully hiving-off the microfinance business from the holding company Muthoot Fincorp, (the second largest gold loan company

in the country) over the next 20-22 months.

Meanwhile, Mr Sadaf Sayeed attributed higher business optimism from the budgetary proposal under which the government has done away with the tax on securitisation deals in the industry.

Muthoot Microfin has completed PTC (Pass Through Certificates) deals worth ₹128.63 crores with IDBI and ICICI, and a direct assignment of ₹113.89 crores with Dhanlaxmi Bank and SBI.

The company also plans to raise ₹25 crore tier-II capital by issuing NCDs by the end of March. The company has set a target of booking ₹60 crore net profit in the next Financial Year.

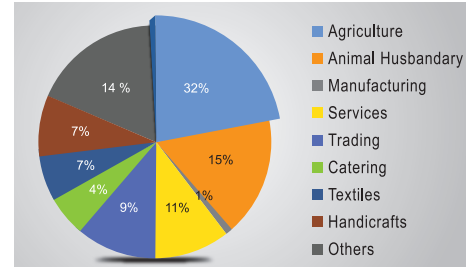
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Observatory

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Portfolio Distribution by Activity



Facts and Figures

Group Lending	
Districts	108
Branches	336
Centres	1,45,374
Active Members	12,33,840
Disbursement (March)	₹ 271.14 Cr
Total Disbursement	₹ 6085.95 Cr
	\$ 916.35 mn
Repayment Rate	99.56 %
PAR > 30 Days	0.44 %

MSGB Loans

Current Portfolio	₹ 193.26 Cr
Total Disbursement	₹ 333.92 Cr

Personnel Strength

Field Staff	3975
Total Staff	4085



Impact

CRACKING AHEAD WITH DETERMINATION



Loan ID: S2SK#156/3C

Sivakasi, known as India's firecracker capital is a small town in Tamil Nadu's Virudhunagar district. The dusty town produces nearly 80% of India's firecracker demand. Thirty-Eight-year-old Guruvammal residing at Sivakamipuram colony in Sivakasi is one among those thousands of employees working in this industry. However, the industry is now facing big problems as access to cheaper Chinese fireworks is cutting into their earnings. Many small manufacturing units have shut down in the past years and many people have lost their jobs.

Guruvammal, however managed to run her small business of punching for firecracker packing materials. She started the unit 10 years ago as she always wanted to work to become self-reliant and independent.

Until three years back, Guruvammal was making a profit of less than ₹4000 per month from her unit, but insufficient to fulfil her family's monthly expenses. She was well aware of the fact that she can easily earn more if she could purchase a better machine and work hard. However, for Guruvammal raising money to purchase a new machine was a big problem. All the financial institutions and lenders she approached for a loan demanded collateral security or exorbitant interest rates.

She ran her business with a little profit for the first seven years but got a lucky break when a Relationship Officer from the Sivakasi branch of Muthoot visited her unit as part of street survey. She was introduced to the institution's simple but effective financial support for women entrepreneurs. Impressed by it, Guruvammal soon joined a group and availed her first cycle of loan of ₹10,000. Using that money as initial payment, she bought a new machine and took orders from more firecracker production units.

Her business grew in quick time as she could remarkably increase the productivity with the new machine. Currently Guruvammal is making a daily profit of ₹700 from the business and is able to save some amount for her family as well.

She is on her third loan cycle now and plans to take another loan to improve her business by buying more machines soon. A thankful Guruvammal says "I am very thankful to Muthoot Microfin whose perfectly timed loan has changed my life for good and I would like to continue my association with the institution".



Provisional Financials

- Total profit (EBIT) for FY 2015-16 as of February 29, 2016 is at ₹318.62 crore.
- Total profit (EBIT) for the previous fiscal same period was ₹196.73 crore.
- The profit increased 61.96% in February, 2016 year on year.
- Operational Income for FY 2015-16 as of February 29 is at ₹386.01 crore.



News-Highlights

- Opened new branch in Moradabad (Uttar Pradesh).
- MSGB Loans added 4,331 customers in March.
- MSGB Loans disbursed over ₹18.94 crore in March.
- IGL-Dairy added 2947 dairy farmers in March, disbursing ₹8.86 crore.
- Dairy Loan outstanding as on 31st March is ₹93.72 crore from 62,446 Dairy Farmers.
- Training team conducted 111 internal training programmes in March.
- A total of 664 employees were benefitted through the internal training programmes.

DEALING HER WAY TO RECOGNITION



Loan ID: TJNB#1024/SC

Thirty-Eight-year-old Puspavalli has a small fancy shop adjacent to her home in a small village in Thanjavur district, Tamil Nadu. She started the business 7 years ago in an attempt to earn for her family as her husband's income began to drop drastically during rainy seasons.

Her husband, Muthu Selvam is a daily wage tile worker with little and unstable income. The family of three struggled often as anything they earned wasn't even enough to feed and care for the family and there was not any money left to invest in the business.

Puspavalli knew that if she can stock more items in the store, it may yield improved income. However, that seemed almost impossible for her without access to credit and financial literacy. She even took a loan from a lender but the amount wasn't good enough to complete a makeover for the shop. She was forced to live without much development to her shop for nearly five years. Then one day Puspavalli was talking about her struggles and one of her neighbour told her of Muthoot Microfinance. Puspavalli

was hesitant initially as she had already taken a loan. However, after a Relationship Officer from Muthoot visited her home and explained the company's business model, she was impressed and joined a group. She was granted first cycle loan of Rs 10,000 within a week's time.

She used that money to buy more stocks to her shop and within a couple of months, her daily income from the shop rose to ₹ 400 from a paltry ₹ 75. Puspavalli repaid her first cycle loan completely and took out a second to further invest in rebuilding her business and secure their livelihood. She started putting away some savings, too. Her only child is now studying in a reputed school; and together with her husband, she's working hard to give him the best she can. A thankful Puspavalli says "It is not just the loan but also the training I received from Muthoot Microfinance helped me a lot to manage my business in a better way, so that I could earn more for my family. I would definitely continue my association with Muthoot to improve my situation even further".

KAYAMKULAM BRANCH HOLDS SKILL WORKSHOP



More than 60 people learned skills in textile and fabric printing from a client interaction program organised by Kayamkulam branch of Muthoot Pappachan Group at Pullukulangara, (Kerala) on Feb 20 2016.

The training camp was conceptualized by the branch to create awareness of the beauty, wealth & value of hand printed textiles and also aimed at providing job opportunities to local village women.

Renowned trainer Ani Yesudas led the training camp. Participants were taught different skills and tactics on fabric printing right from selecting the fabric, use of different dyes and pigments and how to make the colour permanent for printing and creating their own designs.

Local community actively participated in the workshop and some of them created excellent designs. They praised the efforts of Muthoot Microfin in organizing the camp.



MUTHOOT EXIM LAUNCHES GOLD RECYCLING CENTRE IN AHMEDABAD

Muthoot Exim Pvt Ltd, the precious metals division of the Muthoot Pappachan Group (MPG), sees more household gold coming in for recycling as the government aggressively promotes its gold monetisation scheme.

Since the launch of its recycling business in December 2014, Muthoot Exim has recycled about 87 kg of gold at five of its centres and sold it to various jewellers. The company operates Muthoot Gold Points in Coimbatore, Chennai, Delhi, Mumbai and Kolkata.

The company has launched a Muthoot Gold Point Centre in Ahmedabad, the sixth

in India. The centre will buy old gold jewellery from customers, weigh and test them for purity, reprocess, and supply the refined bars for domestic consumption. Muthoot has tied up with Mumbai-based Infinium Precious Resources for training its staff and for refining scrap gold.

“We plan to set up 10 more such centres in India during the next fiscal. We are looking for locations in Bengaluru, Ludhiana, Lucknow and Madurai. All these stores will be located close to jewellery markets as we expect a lot of jewellers to join in for recycling,” said

Mr Keyur Shah, CEO, Precious Metals Business of MPG.

According to Shah, the average ticket size for recycling is 40 gm per customer. “Gold recycling through transparent processes will boost trust, as customers will get best value for their gold. We have created a standardised, transparent and scientific platform for the end-customers to sell their gold,” said Mr Shah.

The company has set a target of about 600 kg of gold to be recycled by March 2017, and 1.5 tonnes by March 2018.



FREE DENTAL CARE CAMP HELD AT BELTHANGADY



Belthangady branch of Muthoot Microfinance in Karnataka conducted a free dental care camp for the local community on March 6, 2016 at Guruvayanakere Grama Panchayath hall.

A total of 250 people participated and benefited from the Camp organized in association with KMC Dental Hospital,

Manipal, Udupi. The comprehensive Dental Consultation and Check-up was carried out by the KMC Dental Hospital under the able leadership of Dr Deepak K S and a team of experts.

187 procedures were carried out in the camp and all those diagnosed were given free medicines and directed for

further dental check-up. Dietary instructions and oral hygiene advices were also given to all the participants.

Earlier in the day, Dr. Deepak. K S inaugurated the camp. Mr. Ashok Kotian, President -Guruvayanakere Grama Panchayath presided over the inaugural function.