

ACCOLADES

Muthoot Microfin secures \$50 million investment from Greater Pacific Capital



Thomas Muthoot
(Managing Director, Muthoot Microfin)

Sadaf Sayeed
(CEO, Muthoot Microfin)

Muthoot Microfin Limited (MML), the microfinance business of the Muthoot Pappachan Group has secured investment of US\$50 million (approximately Rs. 375 crores) from Greater Pacific Capital (GPC). This is the largest equity financing in the Indian microfinance sector since 2019. GPC has provided equity as primary capital to meet the growth needs of the company, backing, MML's plans to become one of the largest microfinance institutions in the country within the next 2-3 years.

Mr. Thomas Muthoot, Managing Director, MML said, "We are delighted to partner with Greater Pacific Capital in furthering our mission of offering easy access to financing to borrowers across rural India who cannot access bank credit. Our investments in, and focus on, deploying best-in-class technology has allowed us to scale rapidly and profitably, while addressing one of India's biggest developmental challenges."

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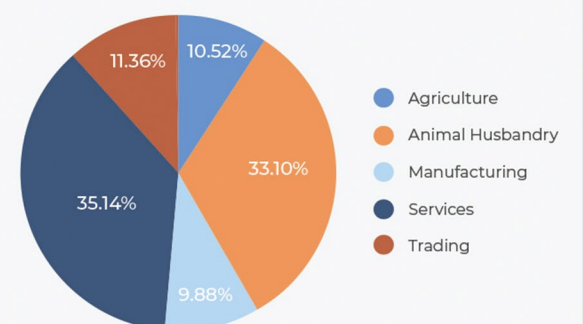
OBSERVATORY

Operational Highlights

Districts	265
Branches	829
Active Clients	18,91,792
Disbursement (Nov)	₹ 461.37 Cr.
Total Disbursement	₹ 19,236 Cr.
Field employees	7,575
Total Employees	7,858

Client per capita Income/month	Percentage
< = 1000	00.14 %
1000 – 1500	00.69 %
1501 – 2500	10.14 %
2501 – 3500	28.68 %
3501 – 5000	34.72 %
5000 Above	25.63 %

Client Portfolio Distribution by Activity



IMPACT

Determined to overcome

Gangasagar Shrikant Kalyankar from Palam in Parbhani district of Maharashtra is now a successful micro entrepreneur. Her shop situated in the town centre exemplifies true woman power and resilience as the small 'ladies' store' business turned Gangasagar into a successful businesswoman in her own right.

It was not an easy walk for her to success. A couple of years ago, she was struggling with poor sales. Gangasagar had invested most of her time and money into the business. However, revenue generated from the business was minimal and unsustainable, subjecting her family to almost poverty. Her business crashed as customers deserted the shop for lack of product varieties. Gangasagar was desperately looking for a loan hoping that investing in her business for improving the quality and quantity of stock items would result in higher sales and income.

However, she was unable to produce any collateral for the loans and got rejected from everywhere. Luckily for her, she came to know about Muthoot Microfin from a friend and heard positive reviews from other women about the organisation's financial offerings. She soon joined a JLG and availed the first cycle loan of ₹30,000 from Muthoot Microfin. She utilised the entire amount to purchase fast moving and latest trending materials toward the shop.

Muthoot Microfin not only provided Gangasagar the capital to purchase new stock but also offered her business acumen training that helped her become self-sufficient in the shortest possible time. Gradually, her profit from the business grew to ₹6000 per week. Today, Gangasagar is having plenty of successful seasons with unprecedented sales. She became a role model for the society for not losing hope and courage during challenging times.

She has ambitious goals for the future and seeks to open a bigger store near the main street of the town with more financial support from Muthoot Microfin. She dedicates the success of her business to the organisation for its timely financial assistance and proper training.



LOAN ID - 1107150101138811

Determination wins sanitation test



LOAN ID - 1107390201139067

Jahanara Bibi got married and moved to her in-laws' village in Baraberi in Hooghly district of West Bengal. She was happy with the life but was disappointed that her new home lacked a proper toilet. The new bride treks a long distance every morning to attend to nature's call.

In fact, most of the households in the village didn't have toilet facility and all of them follow the same practice leaving large number of village population in these areas vulnerable to worm infections and anaemia.

Jahanara Bibi says 'there is no other option as we do not have money to build toilets'. All her efforts to find some money to construct a small and clean toilet failed on her inability to produce collateral security demanded by local financiers.

Jahanara Bibi was forced to follow the practice of open defecation until she was introduced to Muthoot Microfin by a friend. She was impressed with the organisation's easy and purposeful loans to ensure sanitation facilities in rural areas and applied for a loan to build a household toilet.

Her loan was approved within a day. The construction was completed within a week and today Jahanara Bibi and her family have a toilet at home and practise healthy behaviours.

Her strong will and determination for a clean sanitation facility in own house has inspired her friends in the village. She has become a role model in the village as most women in the village are now planning to build a toilet at their own houses.

Jahanara Bibi praises Muthoot Microfin for offering such a greatly needed financial support in such remote

villages. Her wish is to make her village a completely open defecation free and safe place in the very near future.

Mr. Sadaf Sayeed, CEO of MML, added, "We are excited to partner with GPC, and look forward to working with them in the next phase of our journey to deliver financial inclusion and empowerment to women entrepreneur of rural India. With this round of funding, we will look to double our assets under management from Rs. 5,000 crore (US\$670 million) currently to Rs. 10,000 crore (US\$1.3 billion) over the next 2-3 years. We plan to open 500 new branches to increase our presence in our existing markets and selectively expand to additional states. This funding will further strengthen our balance sheet, taking our capital adequacy to over 30% and allow us to support and empower an additional 1.5-2.0 million more low-income households."



Thomas John Muthoot (CMD, MPG)

Ketan Patel (CEO, GPC)

Mr. Ketan Patel, Founder and CEO of GPC, commented, "Financial inclusion is one of India's

biggest development challenges, and critical to achieving the United Nations Sustainable Development Goals. The ongoing coronavirus pandemic has led to significant financial hardship in India and an increase in the number of households that need to be lifted into prosperity. We are excited to partner with Muthoot Microfin and the Group as it continues to build out its position as one of India's leading microfinance institutions, leveraging technology to drive inclusion at scale and making an impact on mass inclusion, poverty alleviation and the empowerment of women. GPC invests in market leading businesses that are a force for good by driving significant and measurable development impact, alongside their commercial success and MML is a great addition to our portfolio."

Mr. Thomas John Muthoot, Chairman & Managing Director - Muthoot Pappachan Group, said "The Muthoot Pappachan Group has been at the forefront of providing financial services at the bottom of pyramid since the last 130 years, our aim is to serve the financial needs of the common man and woman. We share a lot of synergies with GPC's investment philosophy. In the coming days you will see MPG staff playing a role of wealth manager and a wealth creator for the poor. We believe in the principle of responsible lending. Further, with the use of advanced analytics and a technology stack that we have built, we intend to extend fit-for-purpose products to the customer and take micro-lending to the next level. With a database of over 5 million customers, we have developed a good understanding of the entire life cycle needs of rural households. Using advanced analytics and our group distribution network of over 4400 branches, we can cater to the life-cycle needs of our customers, offering them wide variety of products through our group companies. In this effort, Muthoot Microfin Ltd is at the forefront, as they play a role in providing the first rung in the ladder of financial inclusion to rural households who do not have access to formal sources of finance. I am very confident with this infusion of capital, Muthoot Microfin would be able to extend its offering to many more rural households."

Mr. Akshaya Prasad, Partner and Managing Director at GPC will join MML's board as part of the transaction. Motilal Oswal acted as sole financial advisor to the transaction.

The company aims to promote inclusive growth and democratise access to finance for the economically weaker section of the country, specifically women entrepreneurs who currently do not have access to traditional borrowing channels.

Administrative Office

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Send your feedback to mpower@muthoot.com