

LIVE

## CRISIL reaffirms M1C1 grading to Muthoot Microfin



CRISIL has reaffirmed the highest M1C1 grading to Muthoot Microfin for the fifth consecutive year. CRISIL's Comprehensive Microfinance Grading of 'M1C1' is the highest grading awarded to a microfinance institution in Capacity and Code of Conduct Assessment.

The grading signifies the highest capacity of the organisation to manage its operations in a sustainable manner while continue to perform well on Code of Conduct dimensions. The Code of Conduct Assessment evaluated the institution based on its adherence to various code of conducts enshrined by regulatory bodies.

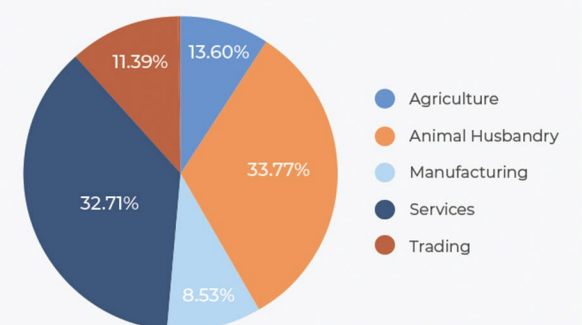
Mr Thomas Muthoot (MD) said, "Retaining the highest grading for operational efficiency over the last 5 years, especially through the last 2 tough years is a remarkable feat. We have attained this grading by implementing streamlined process and policies and sticking with them without deviations. Our long-term approach in decision making and strategizing has helped us reach this point"

### OBSERVATORY

Operational Highlights	
Districts	296
Branches	975
Active Clients	22,35,738
Disbursement (July)	₹ 528 Cr.
Total Disbursement	₹ 23,412 Cr.
Field employees	8,583
Total Employees	8,887

Client per capita Income/month	Percentage
<= 1000	00.12 %
1000 – 1500	00.60 %
1501 – 2500	08.94 %
2501 – 3500	24.95 %
3501 – 5000	33.07 %
5000 Above	32.31 %

### Client Portfolio Distribution by Activity





# Determination leads to empowerment



## Ambika P

Loan ID- 1103380101149774

She had good knowledge about glove manufacturing as she used to work for a unit in the past. Ambika only needed capital to get her dream set off. However, her inability to provide collateral security prevented her from availing a loan. Luckily for her, she was introduced to Muthoot Microfin by a friend and joined a JLG to avail her first cycle loan of ₹30,000, and never looked back since.

Ambika started the small glove making unit with the support of her husband. Initially, the unit was established near her home and later shifted to a better setting. She and her

husband were the two workers operating the machines in the beginning. Eventually, the business flourished and developed a stable clientele.

Ambika now distributes Industrial gloves to more than 35 industries and domestic gloves to nearly 100 shops and supermarkets in Kottayam and Ernakulam districts. She employs 4 people at the unit and the unit runs every day except Sundays. She takes home a profit of at least ₹1000 a day from the unit.

Muthoot Microfin further provided Ambika with financial literacy and business acumen trainings which helps her manage the business successfully, with proper budget and financials.

Ambika P, a 40-year-old housewife turned entrepreneur from Kottayam district in Kerala, is a perfect example of how hard work and determination bring life success.

Ambika was a helper at a nearby childcare facility and lost her job during the lockdown. Like many in her village, Ambika struggled a lot during that period and had to manage her little savings wisely with the hope that their life would soon change for better. When things returned to normal, she wanted to start her own business.

Ever since the Covid lockdown, she was determined to be financially independent. she talked to her family about her business plan and despite initial resistance, she kept on asserting her aspirations and persuaded them to let her follow her dreams.



# Role model of women empowerment

## Shamshad Begum

Loan ID- 11102390101145961

Shamshad Begum from Badami in Bagalkot district of Karnataka has finally achieved financial freedom after years of struggle. She now runs a popular tailoring unit near her home.

Shamshad Begum had to shoulder the responsibility of running her family during the lockdown with tailoring works at home. Her husband, who worked as a daily labourer, didn't even get 10 days of work in a month those days. She was very good at stitching but couldn't afford to take more orders being a single worker based at home.

The enthusiastic tailor approached many local financiers unsuccessfully to draw a loan that would enable her to establish a small tailoring unit. Meantime, she was introduced to Muthoot Microfin by a friend. After finding the easy and affordable loan procedures of the organisation, she joined a nearby JLG and availed her first cycle loan of ₹30,000. She utilised the entire amount to buy an advanced sewing machine with attached embroidery unit and also stacked up enough stitching raw materials.

Her situation improved tremendously after associating with Muthoot three years ago. The organisation not just offered her financial support but provided with financial literacy and business acumen trainings to help her get out of the skirmishes.



Gradually her business and income increased. Her daily average income now hits around ₹1200. She is now on her fifth cycle loan of ₹70,000 with Muthoot Microfin. Along with her tailoring unit, now Shamshad Begum is also running a ladies clothing retail outlet.

She has also trained 20 village women from poor households in sewing, enabling them with an income generating skill. Shamshad Begum, whose hard work and passion has made her a strong advocate of women empowerment in the society says, "The hassle-free loans from Muthoot Microfin not just helped me in winning the life battle but enabled me to help others to find a way to generate income".



# Microfinance borrowers' resilience behind MFI industry's turnaround: Muthoot Microfin CEO

(Excerpts from an exclusive Zee News interview)



Sadaf Sayeed  
(CEO, Muthoot Microfin)

With effect from April 1, 2022, RBI has imposed the 'Regulatory Framework for Microfinance Loans Directions 2022'. How has it affected microfinance loans?

The new regulations are very progressive and a big leap forward for the Microfinance industry. First and foremost, with 14 th March circular RBI has harmonised the regulation for all regulated entities operating in the microfinance space. Irrespective of the type of entity, be it NBFC-MFI, SFB or Bank, the new regulation uniformly applies to all removing any regulatory arbitrage that existed earlier. Further, to protect customers' interest from overleveraging and to ensure that there is responsible lending, RBI has introduced a concept of FOIR (Fixed Obligation to Income

Ratio) at household level and capped the FOIR to 50% for all lenders. The new regulation also provides room for risk-based pricing, allows MFIs to price their loan as per their cost, margin, and risk premium. This is particularly good measure for small and medium MFIs who were facing squeeze on the margins as the prices came down during Covid. However, these are early days, it will take a couple more quarters to quantitatively measure the impact. Many small MFIs would take time to implement the changes too. As of now, the loan disbursement and volume growth has crossed the pre-covid levels. Even for large MFIs, the operational efficiency has not reached the optimum level as staff training and process changes would take some time to implement and run smooth.

How has the Micro Finance Industry picked up since the 2020 Covid-induced lockdown. How is the situation today vis-a-vis last two years?

Covid-19 Pandemic and consequential lock down was an unprecedented crisis which took the world by surprise. During the lockdown, microfinance industry was hit very hard as there was no movement allowed during the lockdown. However, with timely interventions by RBI and resilience shown by microfinance borrowers, MFI industry was back to 96% collection on time as of March 2021. The second wave was hard, however the industry and the country were lot more prepared to deal with covid, there were decent vaccinated population and awareness of covid appropriate behaviour. This time the lockdowns were also staggered and more state specific, which allowed for business activity to continue. As a result, MFI industry was back to normal operations in the month of July 2021 itself. As of now, all the disbursements that been done post second wave of covid, the collection efficiency is plus 99%.

RBI has also recently allowed microfinance lenders to fix interest rates on loans. Can borrower see their benefit in this?

This was perhaps the biggest reform that RBI has announced. This was badly needed as lot of small MFIs who could not command better rates were suffering due to margin cap regulation. This problem got particularly severe when the rates were going down during covid period. Irrespective of the borrowing cost or operating cost, the lending rate was capped at 2.75 times the average base rate of top 5 banks. With the new regulations, MFIs can price their loans as per their cost structure and risk perception. Many MFIs are charging lower rate to the existing customer and 50-100bps higher to NTC customer based on their risk profile. Further, as the collection efficiency improves in coming days and credit cost reduces, MFIs would have the scope to further reduce the lending rates.

## Get In Touch



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