



INSIDE

- M Accolades
- M Observatory
- M Impact
- M News
- M Initiatives
- M Live

### Accolades

## MUTHOOT PAPPACHAN GROUP'S MFI TO GET COMPANY UMBRELLA

(Excerpt from article published in Business-Standard on Jan 28)

Muthoot Pappachan Group is planning to hive off its micro lending business into a separate company. The growth in loans by micro finance institutions (MFIs) and the improving regulatory environment for micro lenders have convinced it to create a separate subsidiary for this business.

The new company, Muthoot Microfin, is expected to commence operations by the end of March. "Currently, we offer micro finance loans through our gold loan company, Muthoot Fincorp. We are planning to set up a separate NBFC (non-banking finance company) for this business. We have already applied to the Reserve Bank of India (RBI) for a NBFC-MFI license," Mr Thomas John Muthoot, chairman and managing director of the Group, told Business Standard.

"We felt it made sense for us to have a separate company for the micro finance business, as the operating environment and regulatory conditions have started improving. We expect to receive the NBFC-MFI licence from RBI by the middle of next month. We have the system in place to start the company within a few weeks of getting the approval," said Mr Sadaf Sayeed, chief operating officer of the micro finance business.

(continued on back cover)

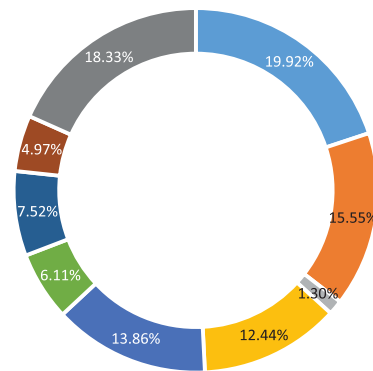
### Observatory

#### Portfolio Distribution by Activity

Activity	Percentage
Agriculture	19.92 %
Animal Husbandry	15.55 %
Manufacturing	01.30 %
Services	12.44 %
Trading	13.86 %
Catering	06.11 %
Textiles	07.52 %
Handicrafts	04.97 %
Others	18.33 %

#### Portfolio Distribution by Activity

- Agriculture
- Services
- Textiles
- Animal Husbandry
- Trading
- Handicrafts
- Manufacturing
- Catering
- Others



#### Per Capita Income per Month

Per Capita Income	Percentage
< = 1000	01.38 %
1000 – 1500	18.31 %
1501 – 2500	59.08 %
2501 – 3500	17.21 %
3501 – 5000	03.79 %
5000 Above	00.23 %

### FACTS AND FIGURES

#### Group Lending

Districts	63
Branches	230
Centres	57632
Loans given	1295128
Active Members	633411
Current Portfolio	570.65 Cr \$ 91.66 mn
Total Disbursement	1742.72 Cr \$ 279.92 mn
Repayment Rate	99.76%
ARR > 30 Days	0.24%

#### Portfolio Distribution

IGL	544.38 Cr \$ 87.44 mn
PUREIT	1.11 Cr \$ 0.18 mn
IGL-Dairy	24.94 Cr \$ 4.01 mn
SW	20.73 Lakh \$ 0.03 mn

#### MSME Loans

Current Portfolio	2.18 Cr
Total Disbursement	2.38 Cr

#### Personnel Strength

Field Staff	2292
Total Staff	2349

 Impact

## OPENING UP THE WINDOWS OF OPPORTUNITY

Malathi, a 36 year old housewife from Podhanur – a remote village in Coimbatore – had no big dreams when she first joined a group of Muthoot Microfinance as client. Her intention was to avail a micro loan and buy essential raw materials for her part time work, which is hand embroidery.

Malathi's husband is a goldsmith with marginal income. Their family has 3 teenage children to take care of. The children's education and basic needs itself would override their family income. The elder two children were girls of 18 and 16 years old, the family hadn't saved a single penny for their marriage which has to happen within a few years.

Availing loan from Muthoot Microfinance literally changed her life. She realized she has much more to do with her skills and these skills can be converted into more effective income generating activity. Muthoot Microfinance provided her many training sessions on skill development and financial literacy, which in turn opened the windows of opportunity to her.



Loan ID: PDUR#408/SC



Lessons from the trainings gave her basic understanding on spending and saving money. She started to prioritize her spending needs and gave more importance to saving for future. As she planned, she bought good quality threads and wooden dyes with the loan amount. With the institution's continuous guidance, training and interventions, she learned to manage her time and put more effort to her work. She started working systematically. Malathi devoted a certain amount of time to her work every day and worked hard to produce the determined output from it.

Her works began to get more appreciation and she started to accommodate more clients. With hard work, her income began to increase. Before availing Muthoot Microfinance services, Malathi earned around rupees 4000 a month, but now she has doubled the income to at least rupees 8000 a month. She has not stopped with it, she also has made plans for tomorrow. Malathi is now on her second cycle of loan, which is Rs. 15,000. She plans to buy an embroidery machine to take her micro business to next level. With her present income she also saves a certain amount of money every month for future needs.

 Financials

- Total profit (EBIT) for FY 2013-14 as of December 31 is at 59.47 crores.
- Total profit (EBIT) for the previous fiscal same period was 31.38 crores.
- The profits increased 90% in December, 2013 year on year.
- Operational Income for FY 2013-14 as of December 31 is 83.79 crores.

 News — Highlights

- Operations started disbursing from 8 new branches across Tamilnadu and Maharashtra in January.
- Chennai 1 branch crossed 15,000 clients in January.
- Kumbakonam, Thuckalay, Sindhanur, Mannarkad, Pattambi, and Thiruvalla branches crossed 5000 clients in January.
- MSME loan disbursement crossed 2 crores in January.
- IGL-Dairy added 1815 dairy farmers in January, disbursing Rs 4.24 crores.
- Training team conducted 157 internal training programmes in January.
- A total of 1407 employees were benefitted through the internal training programmes.

# OPTING FOR THE RIGHT CHOICES



Loan ID: KPTR#89/SC

Jalal Sudha is a 38 year old woman from Palladam, Tamilnadu. She has 4 children - 3 girls and 1 boy. Jalal Sudha always wanted to do something of her own and provide to her poor family. Her husband is a coolie and the meagre income from her husband's daily wages were the primary income to their big family. She had tried her hands on a few things like cloth sequence work etc. but she always struggled to make it to the next level.

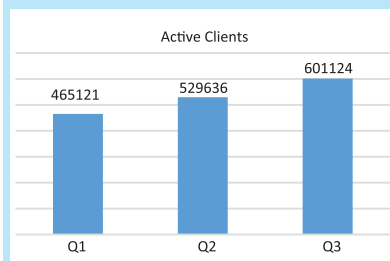
Her life started to change a couple of years back when she had a plan of trying something different, which also had much relevance in her region. There were a lot of textile factories in her region. After the production, these textile factories send their products for quality check to outside agencies. Jalal Sudha wished to open such a quality checking unit. She also approached a small banyan (clothing) making unit and they promised to give her the business if she could deposit some money in security of the garment they give to her for quality check.

This was a crisis situation for Jalal as she didn't had any savings to make a deposit to the company. Jalal Sudha had a few friends in her neighbourhood who were already Muthoot Microfinance's members, they suggested Jalal to avail the institution's services. Jalal approached the institution and immediately after the assessment, the institution gave her the first cycle of loan with some basic training to excel in her business – which included financial literacy and skill development trainings.

Jalal Sudha's life changed from that point of time. She sought Muthoot Microfinance's help for financial support and she was provided with much more to help her manage business in a focused manner. As her plans, Jalal deposited major part of the loan amount in the garment company as security and the left amount to put up a very small 'quality check' unit.

Her plan worked accordingly, with the financial literacy she got from Muthoot Microfinance training sessions, she was able to manage her money by saving some of it and prioritizing the spending. As her income rose, she put more money in the textile company as security and started to get more orders for quality check. Now, Jalal Sudha has four labourers in her unit. She has steady business and income from her unit. She gets a minimum profit of rupees 6000 every month after providing salary for her 4 staffs. Jalal Sudha is on her second cycle of loan and is determined to continue her association with Muthoot Microfinance. Her small business is growing steadily and no doubt, Jalal Sudha is an empowered woman now.

## MUTHOOT MICROFINANCE SURPASSES 6 LAKH ACTIVE CLIENTS



Muthoot Pappachan Group's Microfinance arm - Muthoot Microfinance's active clients has crossed 6 lakh women entrepreneurs in the third quarter, ending Dec 31st of FY 2013-14. The institution has already served around 13 lakh women entrepreneurs as nearing to its 4 years of its successful operations.

Since inception in 2010, the organisation has witnessed steady growth in its portfolio, number of branches and human resources. The operations have also widened to 6 states and 1 union territory in this financial year.

MPG's Microfinance offering focuses on women empowerment through financial independence. The clients of the institution forms the women from economically weaker sections of the society - living in rural, semi urban and urban slums who are engaged in lawful income generating activity.



## Accolades

(Continued from front page)

The Group has an ambitious target of doubling its micro finance loan portfolio to Rs 1,200 crore by March 2015. It currently has a portfolio of Rs 540 crore of micro loans. There are 640,000 micro finance customers and it offers micro loans across seven states and Union Territories. Besides micro loans, the new company will offer loans for dairying to farmers and finance to purchase low-cost water purifiers. It will also offer micro insurance products.

Mr Sayeed said the group will invest sufficiently to grow the micro finance business through the new company. For NBFC-MFIs, the minimum in net owned funds is Rs 5 crore, by RBI norms. Also, all new NBFC-MFIs have to maintain a capital adequacy ratio (tier-I and tier-II capital) of at least 15 per cent of aggregate risk-weighted assets.

"At this point, we are not considering any stake sale to private investors. In the long run, we might consider bringing in an investor but we will be careful in choosing our partner. We will look for social investors who share our philosophy. For now, the Group will provide sufficient capital to grow the micro finance business," said Mr Sayeed.

## Initiatives

### FREE EYE CHECK-UP & DONATION AWARENESS

Muthoot Microfinance organized a free Eye check-up and Eye Donation Awareness program at, Pappampatty Pirvu, Tamilnadu on 19 Jan 2014. The program also provided general medical check-up and blood testing. This endeavour was supported by The Eye Foundation Hospital, Coimbatore, Reshmika Hospital, Coimbatore and Nivaran Health Care Trust, Periyayanakanpalayam.



167 clients from the region turned up for the program, 6 of them were referred for eye surgery.

The objective of the program was to provide free eye-care services to those who are unable to afford potentially expensive eye treatment, and also to those who do not have access to basic eye-care services. The doctors spread awareness on proper eye care and magnanimity of eye donation to the participants.

### FREE CANCER DETECTION & COUNSELLING

Muthoot Microfinance, in association with District Cancer Centre, Kozhenchery organized a Free Cancer Detection & Counselling Program at Perumbuzha Branch, Ranni on 16th January 2014. Smt. Janamma Thomas (Director-Muthoot Fincorp) and Smt. K G Anitha (Vice president, Pathanamthitta District Panchayat) jointly inaugurated the medical camp.

The doctors pointed that breast cancer has overtaken cervical cancer as the leading cause of death among women in metropolitan cities. The medical team counselled a 40 minutes' walk or exercise everyday day as primary immunity measure from the disease. Women should also undertake regular breast self-examination, visit a specialist once a year and go for a mammogram once in two years.

120 women screened and given awareness through the program.

