

Fusion Micro Gets ₹162 cr from US, Spanish PEs

Creation Investments Capital Management & Gawa Capital to help micro lender raise stake in microfinance

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Kolkata: Delhi-based Fusion Microfinance has raised ₹162 crore in equity from US-based private equity firm Creation Investments Capital Management and Spain's Gawa Capital as the micro lender is looking to raise its stake in India's growing microfinance sector.

Existing investors — Belgium's BIO and The Netherland's Oikocredit — have also invested in this round of fund raising, Fusion Microfinance chief executive Devesh Sachdev told ET on Wednesday. The deal was inked on Monday.

Sachdev said ₹100 crore has come in as primary investments while ₹62 crore from secondary sales as Belgium's Incofin made a partial exit along with a few local investors. Incofin is an early investor in the MFI.

"Even if domestic investors have started taking interest in MFIs of late, there is still a dearth of equity investment from local players in unlisted companies like us, prompting us to raise equity from overseas entities," said Sachdev.

The latest round of fund raising has raised foreign shareholding in Fusion to about 91% from 77% earlier.

Creation Investments has invested about ₹100 crore



dit. BIO and Oikocredit had also invested ₹53 crore in the company in June last year.

"The company (Fusion) has achieved the scale and operational efficiencies needed to make it

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also has investments in Equitas Holdings and Grameen Koota Financial Services.

Fusion aims to grow its gross loan portfolio to about ₹1,000-1,100 crore by March 2017 from ₹647 crore in March this year. The portfolio doubled to ₹652 crore at

tal net worth to ₹250 crore, would add to our credibility," Sachdev said.

The company also intends to invest in manpower and technology which would, in turn, bring down operational cost and help reduce the lending rate.

MFI business has been growing exponentially over the last couple of years. The sector's aggregate gross loan portfolio stood at ₹53,233 crore at the end of March, reflecting an 84% growth over last fiscal.

Fusion, which gives loans only to women, has presence in 11 states of Uttar Pradesh, Madhya Pradesh, Uttarakhand, Delhi, Haryana, Bihar, Jharkhand, Odisha, Punjab, Chhattisgarh