

Fusion Microfinance raises Rs 162 crore equity from overseas PE firms

By Atmadip Ray, ET Bureau | Aug 10, 2016, 06:39 PM IST

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KOLKATA: Delhi-based Fusion microfinance has raised Rs 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.

The investments took place on Monday.

Sachdev said Rs 100 crore has come in as primary investments while Rs 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," the CEO said.

Foreign shareholding in Fusion has risen to about 91% after this round of investment from 77% earlier.

Creation Investments has invested about Rs 100 crore while Gawa put in around Rs 32 crore. The balance Rs 30 crore came from BIO and Oikocredit. BIO and Oikocredit had also invested Rs 53 crore in the company in June last year.

"The company (Fusion) has achieved the scale and operational efficiencies needed to make it attractive for Creation to lead this series D equity round", said Ken Vander Weele, advisory board member of Creation Investments. The Chicago-based firm also has investments in Equitas Holdings and Grameen Koota Financial Services.

Fusion aims to grow its gross loan portfolio to about Rs 1,000-1,100 crore by March 2017 from Rs 647 crore in March this year. The portfolio doubled to Rs 658 crore at the end of June compared with Rs 326 crore a year back.

"We do not have any constraint for growth. The latest round of funding, which has raised our total net worth to Rs 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 lending rate.

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

Fusion, which gives loans only to women borrowers, has presence in 11 states, namely, Uttar Pradesh, Madhya Pradesh, Uttarakhand, Delhi, Haryana, Bihar, Jharkhand, Odisha, Punjab, Chhattisgarh and Maharashtra. Started operation in early 2010, the company has built an active borrower base of nearly 5 lakhs being catered through 184 branches.

Fusion Micro Raises ₹162 cr from US, Spanish PE Players

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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.

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