

Press Release

Affirma Capital invests in Belstar Microfinance Limited

25 August 2021, Singapore / India - Belstar Microfinance Limited, a subsidiary of Muthoot Finance Limited (Muthoot Group) has signed definitive agreements to raise primary equity of Rs. 350 crore from new investor Affirma Capital and existing investors Muthoot Finance and Maj Invest. This equity raise is subject to obtaining required regulatory approvals.

An equity raise by Belstar during this pandemic times is a testimony of their asset quality and sustained efforts in woman empowerment, poverty alleviation coupled with community development. Ever since Muthoot Group's initial capital infusion of Rs.55.40 Cr in 2016 for 57.16% stake, Belstar has grown leaps and bounds expanding its branch network to 650 in 19 states with over Rs.3,100 Cr AUM and upgrading its rating from CARE BBB- to CRISIL AA-.

This round of funding is being led by funds advised by Affirma Capital who will invest Rs 300 cr out of a total round of Rs 350 cr. Affirma Capital manages over US\$3.5 billion in assets for leading global limited partners and sovereign wealth funds. It is an independent emerging market private equity firm owned and operated by the former senior leadership of Standard Chartered Private Equity. Their previous investments in India include Northern Arc Capital, Mahindra and Mahindra Financial Services, Prodapt Solutions, Travel Boutique Online, Craftsman Automation, Varun Beverages and GMR airports among others.

Shri. George Alexander Muthoot, Managing Director Muthoot Finance said "We are privileged to partner with Affirma Capital in our Micro finance subsidiary, Belstar. This funding will help Belstar to grow its loan book and accomplish its vision of becoming a socially responsible microfinance institution working towards entrepreneurship and economic empowerment of women "

Dr Kalpanaa Sankar, MD of Belstar, has been leading this Company since its inception.

"We are pleased to welcome a marquee global investor like Affirma Capital joining us in our growth journey. Their investment in Belstar during such a difficult pandemic period validates the large market opportunity in microfinance space and Belstar's potential to capitalise on the opportunities. At Belstar, we are very passionate about empowering women and helping them build sustainable livelihoods" said Dr Kalpanaa Sankar.

This is the second private equity investment into Belstar, with Maj Invest investing in 2018. Maj Invest is a Danish asset management company with about USD 17 billion under management, providing services in asset management and private equity (including financial inclusion business).

"It is our privilege to partner with the Muthoot Group and back Dr. Sankar and the Belstar management team, who have built a very strong and differentiated MFI franchise. We look forward to working closely with Belstar and assisting them in their next phase of growth", said Udai Dhawan, Partner at Affirma Capital. Vijay Nallan Chakravarthi, Managing Director, Affirma Capital, who will be joining Belstar's board, said "We were impressed by the Company's ability to manage book quality despite multiple external shocks. We are excited to partner with the management team to help establish Belstar as a leading tech-enabled rural lender."

“We are excited to continue our journey with Muthoot and Dr. Kalpana Sankar in empowering rural women through microcredit. Despite incidence of COVID, Belstar has shown strong conviction to its mission and has consistently outperformed industry in terms of multiple performance metrics. The investment from existing investors and Affirma will help expand Belstar’s capital base to support its growth plans.” said David Paradiso, Partner at Maj Invest.

InteQuant Advisors was the sole financial adviser to the transaction.

For further information, please email media@affirmacapital.com

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