



For Immediate Release

Urban focused MFI, Swadhaar FinServe Pvt. Ltd., headquartered in Mumbai, raises Rs. 27.5 crore equity for expansion

Mumbai, July 08, 2010: Swadhaar FinServe Pvt Ltd (Swadhaar), a microfinance institution headquartered in Mumbai, has just announced an equity infusion of Rs. 27.5 crores from multiple investors. In the most recent capital raising round, existing investors ACCION International, an Indian Family Trust, Unitus Equity Fund (managed by Elevar Equity), Michael & Susan Dell Foundation and the Promoter group all infused additional capital. MicroVest, a US-based pioneer of private microfinance investing, has also come in as a new investor. Grameen Capital India acted as the sole advisor to Swadhaar for this transaction.

Swadhaar is among the earliest initiatives in India aimed at providing financial services to the urban poor and follows a capacity based approach in its lending. The company's board is chaired by Lalita Gupte (Chairperson, ICICI Ventures). Swadhaar currently offers two loan products specifically for urban clients, both men and women. Loan tenures range from 3 – 24 months, with prepayment options. Additionally, Swadhaar provides doorstep collections, given the constraints for large group meetings in an urban environment.

As at March 31st, 2010 Swadhaar had a gross loan portfolio of Rs. 19.5 crores and presently reaches out to over 30,000 households in Mumbai, other areas of Maharashtra and Gujarat. The current equity raise will help the company's expansion in underserved urban areas whilst also investing in IT infrastructure and product development. Speaking on this transaction, **Veena Mankar, Co-Promoter and Managing Director of Swadhaar**, said, "We are delighted that MicroVest has come on board, and all existing investors participated, with ACCION increasing their stake. Our high quality investors bring with them not only capital but also strategic oversight and technical inputs that will better equip the company to meet the demands and challenges of the urban microfinance market. This requires different products to meet the needs of several diversified segments. Our focus in the next few years will be on both geographic expansion and product innovation." Veena, a development and commercial banking professional, has over 30 years of financial sector experience, including having established and headed India's largest independent factoring company.

"Our increased investment reflects ACCION's commitment to Swadhaar and our strong belief in their vision and leadership. Swadhaar is a pioneer in solving some of the most difficult challenges of poverty in urban and other underserved market areas," said Michael Schlein, President and CEO of ACCION.

"Swadhaar FinServe has maintained a consistent focus on serving the un-banked and financially excluded, particularly in the underserved Mumbai market," said Geeta Goel, Portfolio Director, Microfinance at the Michael & Susan Dell Foundation. "Swadhaar continues to successfully address clients' needs in an innovative and sustainable manner. The company is one of the few microfinance institutions offering individual loans which enhances and optimizes the effectiveness of microfinance in urban geographies."

Chris Brookfield, Co-Founder and Managing Director Elevar Equity says, "We invested in Swadhaar back in 2008 to support the company's efforts to provide micro credit to the urban poor. Swadhaar's on-going effort to serve the needs of poor residents in megacities like Mumbai is bold and innovative. We are happy to have partnered with Swadhaar and remain committed to their success."

“Swadhaar is a well-run institution with top-notch governance, impressive management and world-class underwriting capabilities, and is an excellent match for our growth equity fund. It fits well with our commitment to individual capacity based lending in India. We are very excited about the partnership with Swadhaar, which brings together noteworthy global microfinance players,” said Gil Crawford, **CEO of MicroVest**, a US-based private microfinance investment firm that has been active in the Indian microfinance sector through debt and equity investments.

Royston Braganza, CEO of **Grameen Capital India**, the advisor on this transaction, added, “With the Swadhaar equity raise happening as the excitement of the football World Cup reaches fever pitch, I cannot but see some interesting parallels. In a country where the bulk of microfinance is in the rural areas, urban microfinance is a bit like the new ‘jabulani’ ball – uncertain and difficult to manage, Swadhaar however has consistently demonstrated the ability to innovatively and successfully serve the urban poor. Grameen Capital is delighted to facilitate this transaction with top quality investors who, like in a winning football side, have seen the key ingredients in Swadhaar - inspiring leadership, great team and strong passion (for social impact).”

About Swadhaar FinServe Pvt. Ltd. (www.swadhaar.com)

Swadhaar FinServe Pvt. Ltd. (‘Swadhaar’) is among the earliest initiatives aimed at providing financial services to the urban poor in India. It is registered as a Non-banking Finance Company (NBFC), and is headquartered in Mumbai. In Hindi, the word “Swadhaar” means self-support, and is a reflection of the Company’s mission to make available regular, reliable and efficient financial services to the economically vulnerable urban poor, enabling them to become self reliant and meet their aspirations for a better and more secure future.

The microfinance initiative started with the establishment of a non-profit entity, Swadhaar FinAccess (SFA), which was incorporated in March 2005. In May 2008, the promoters received an NBFC registration for Swadhaar FinServe, which launched microfinance operations in July 2008. SFA has since ceased to provide micro credit and instead, focuses solely on credit plus activities including financial education and savings facilitation as a Business Correspondent.

Swadhaar’s target clients are both men and women, who have limited or no access to services from the formal financial sector.

About Grameen Capital India (www.grameencapital.in)

Grameen Capital India enables Microfinance Institutions (MFIs) develop wider access to the capital markets, primarily the domestic capital markets, through innovative debt and equity solutions, credit rating / enhancement arrangement and capital advisory services. It focuses on positioning Microfinance as an attractive asset class, helping MFIs raise low-cost on-lending funds. Grameen Capital India is collaboration between Grameen Foundation, IFMR Trust and Citicorp Finance India Limited.

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