

Swarna Pragati raises capital from Intellectap Impact Investment Network, Zephyr Peacock, Omidyar Network and existing Investor Aavishkaar Goodwell II

Swarna Pragati Housing Microfinance Private Ltd., India's first housing microfinance institution, has raised Series B funding from the Bangalore based private equity fund Zephyr Peacock and Pierre Omidyar's Omidyar Network. The transaction also involved a follow-on investment by Aavishkaar Goodwell II, an existing investor in the Company and participation from I³N (Intellectap Impact Investment Network) and select high-profile HNIs. I³N investors include Primarc I-Venture Advisor, Prashant Thakker, Jetu Lalvani, Anurag Goel, Gaurang Desai and Sumeet Singla

Set up and promoted by a team of senior bankers led by A Ramesh Kumar, former CGM, State Bank of India and chairman of NABARD's National Committee on Rural Habitat, the Company provides housing finance specifically to rural households and innovatively addresses the pain points of operating in the rural India. The Company's products include Housing Loans of INR 50,000 – 200,000, Housing Plus Loans of INR 200,000 – 700,000, and Water, Sanitation and Hygiene Loans (WASH Loans) of INR 15,000 – 25,000. The housing loans are provided both for fresh construction and for renovation/ repairs/ up-gradation of existing houses. With established presence in the states of Maharashtra, Odisha, Karnataka and Tamil Nadu, the Company will be using the funds to strengthen its position in existing geographies as well as to expand into the states of Madhya Pradesh, Bihar, Uttar Pradesh, Chattisgarh and Gujarat.

"We aim to replicate the successful business model of operating in rural India across the length and breadth of the country. Our aim is to provide easy access to finance to address rural people's basic need of housing and hygiene thus enabling them to lead a life of dignity and security from nature's onslaughts. Our products and processes are uniquely adapted to mitigate constraints of rural borrowers in taking a housing loan, which is reflected in our rapid growth." said Ramesh.

As at November 30, 2015, the Company has a portfolio of approximately INR 850 Mn and has built a customer base of nearly 8,700 borrowers since it became operational in 2011. The Company is targeting a portfolio of approx. INR 24 Bn by 2020-21 and a customer base of one hundred and sixty thousand customers by then.

"Swarna Pragati is addressing deeply entrenched socio-economic issues that remain largely unresolved and ignored - the need for clear title to land and secure property rights in rural India in order to unlock access to formal financial systems," says Anuradha Ramachandran, Director – Investments at Omidyar Network. "By providing housing loans to rural low income households, Swarna Pragati is aiding the creation of a credit history and a long-term asset, and also providing recognition to women's rights to the property."

Primarc I-Venture is excited about being associated with Swarna Pragati and provide the crucial domestic capital required in this fund raise. Being in realty, we witness a huge demand for smaller ticket size housing loans for the Economic Weaker Sections. This will boost housing demand the country's vision of a home for everyone by 2022. Swarnapragati which is backed by strong promoters and is highly scalable model provides a huge investment opportunity to investors given their use of robust technology and smart data analytics," says Sidharth Pansari, Managing Partner, Primarc I-Venture and I³N Investor

Prashant Thakker, previously Head of Micro Finance at Standard Chartered and I³N Investor said, “The housing shortage in rural India is currently estimated at approx. 40 Mn units which will increase by another 23-25 Mn units by 2022 to meet Government’s initiative of Housing for All by 2022. While the established HFCs and banks continue their urban focus, unique models like Swarna Pragati are emerging who are successfully servicing the hitherto untapped rural customer who actually has good repayment records and low delinquency rates”

Adds Vineet Rai, Founder, Aavishkaar, “We invested in Swarna Pragati at a very early stage, when the Company had just piloted its unique model and was looking to scale up. Since then, the Company’s loan book has grown from approx. INR 150 Mn when we invested to INR 850 Mn today, nearly six fold in two and a half years. We have full confidence in the Swarna Pragati team and remain a committed stakeholder in their vision for rural housing finance.”

I³N recently invested crowdfunding platform Ketto.org, positive journalism company TheBetterIndia.com and waste management Company Sampurnearth, where Intellectap also took an equity stake. I³N is seeing fast growth in angels wanting to invest in impact, and is inviting interested investors to participate in their next enterprise showcase on January 22 in Mumbai where 5 impact enterprises chosen by the screening committee will be pitching in person at the showcase.