

LOGO

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Launch of IFMR Trust to Unlock Commercial Value in Low Income Households

- IFMR Trust will manage investments in multiple sectors and create channels to deliver financial services in remote rural locations nationwide.

Chennai: The IFMR Trust, headquartered in Chennai, was launched today, with an aim to create and manage funds which invest in commercial enterprises that leverage the competitive strengths of low income households.

The IFMR Trust through its first private equity fund (the Network Enterprises Fund) will execute its strategy using a two-pronged approach. It will focus on 1. Building channels which deliver financial and other services in rural remote locations nationwide and 2. Network Enterprises™ that invest across the supply chain in multiple sectors.

On the occasion of the launch, Ms. Bindu Ananth, President, IFMR Trust said, “Against the backdrop of a rapidly growing domestic economy, low income households enjoy an unprecedented opportunity to engage with and benefit from this growth as both producers and consumers of various goods and services. IFMR Trust through its funds will create vehicles for such engagement.”

“The IFMR Trust approach will be to creatively harness the productive capability and purchasing power of low income households especially those situated in remote locations through scaleable formats and the use of advanced technologies which allow for 'thin' front-ends. Through this, commercial return on equity can be delivered to investors.” she added.

IFMR Trust brings to this effort expertise in the design and delivery of financial services, a deep understanding of mainstream markets, practical insights gained from action-research undertaken by its affiliate -The Institute for Financial Management and Research (IFMR) and partnerships with large companies and NGOs; all in the context of remote rural India.

In pursuit of its strategy, IFMR Trust has thus far invested Rs.300 million (\$7.5 million) in various commercial enterprises focused on low income households and expects to raise and invest Rs.6 billion (\$150 million) by the end of March 2009. The current portfolio of investments includes companies in handicraft, consumer products, drinking water, education, financial services and vocational training.

Present at the launch was Dr. Nachiket Mor, President, ICICI Foundation for Inclusive Growth. The IFMR Trust is one of the commercial organizations being actively mentored by the ICICI Foundation for Inclusive Growth.

Dr. Nachiket Mor said, “Commercial markets are able to provide deep pools of capital. By actively mentoring organizations such as the IFMR Trust, the ICICI Foundation for Inclusive Growth expects to put this capital to work to increase the incomes of low income households in a sustainable manner.”

Also present at the launch were Mr. Puneet Gupta, Vice President, IFMR Trust, Mr. S.G. Anil Kumar, Vice President, IFMR Trust and the CEOs of three of the Network Enterprises™ – Mr. Suresh Mutyala, of the Vocational Training Network Enterprise™, Ms. Divya Thangadurai of the Handicraft Network Enterprise™ and Ms. Reshma Anand of the Consumer Products Network Enterprise™.