

Axis Bank Extends INR 1 billion Loan to Muthoot Capital to Accelerate E-Mobility in India

September 30, 2024

Axis Bank, one of the largest private sector banks in India, in partnership with GuarantCo, part of the Private Infrastructure Development Group (PIDG), has extended an INR 1 billion (c. USD 12 million equivalent) guarantee to Muthoot Capital, one of India's fastest-growing NBFCs in India. This will empower the NBFC to lend to on-lend customers in rural and non-metro regions in India, for purchasing electric two wheelers.

GuarantCo has provided a 65 percent on-demand credit guarantee to Axis Bank for this transaction, which is part of a broader USD 200 million (INR equivalent) electric vehicle (EV) framework agreement signed by GuarantCo and Axis Bank. This framework was established to enable mobilisation of funds between USD 300 and 400 million (INR equivalent) for financing the e-mobility ecosystem in India.

This collaboration with Muthoot Capital will focus specifically on providing transport solutions to rural and non-metro regions that predominantly consist of lower income populations that have historically been underserved. The transaction will benefit Indian companies operating within the EV ecosystem with over INR 0.8 billion (c. USD 10 million) and expected to impact local businesses in the supply chain, such as equipment manufacturers, vehicle dealers and insurers.

The INR 1 billion EV transaction will increase electric two and three-wheeler vehicle provision, contributing to SDG 9.4 (Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies) and SDG 11.2 (Provide access to safe, affordable, accessible and sustainable transport systems for all).

This is GuarantCo and Axis Bank's third transaction under the EV framework agreement. In December 2023, it had first enabled an INR 2.5 billion (c. USD 30 million) loan to Vivriti Capital for supporting the company's expansion strategy in the e-mobility ecosystem of India, and subsequently extended INR 1 billion (c. USD 12 million) loan to Everest Fleet for the purchase of electric cars to be deployed as low pollution emitting taxis in India.

Rajiv Anand, Deputy Managing Director at Axis Bank said: “Axis Bank stands committed to support and accelerate the growth of e-mobility industry in India. As one of the leading banks in the country, we are dedicated to driving initiatives that create positive environmental and social impact. By promoting the adoption of electric vehicles, we are working to reduce emissions, enhance air quality and provide affordable and accessible transport solutions nationwide. We have proactively scaled up our partnerships and engagements with EV dealers, manufacturers, and other players and will continue to do so. This collaboration not only supports the development of green infrastructure in India but also aligns with our broader vision of fostering an inclusive future where sustainable practices benefit all segments of society.”

Mathews Markose, Chief Executive Officer at Muthoot Capital said: “Partnering with GuarantCo marks a significant step forward in accelerating the adoption of electric vehicles and advancing sustainable transport solutions in our country especially in the rural and semi-urban markets. This funding will enable MCSL to provide innovative and tailor-made financing options aimed at making electric vehicles more accessible and affordable to a wide range of consumers and businesses. We look forward to enabling the common man to own their own two-wheeler ensuring affordability and convenience. This will lend wings to our slated objective of growing our EV by 200 crores during FY25.”

Layth Al-Falaki, CEO of GuarantCo, said: “We are delighted to have closed the transaction with Muthoot Capital under the Electric Vehicle framework guarantee agreement that we signed with Axis Bank in May 2022. This is the third transaction that we have closed under the agreement which after the ones that we closed with Vivriti Capital and Everest Fleet now total INR 4.5 billion (c. USD 54 million). This is also the first transaction under the framework which will cover the demand side of the EV business through the provision of credit so that customers can purchase electric vehicles. In addition, the transaction is expected to have a market transformation effect that we hope that it will help catalyse deployment of more electric vehicles in India. GuarantCo, through the Private Infrastructure Development Group, will continue to utilise the climate mitigation guarantee with Axis Bank to further the e-mobility ecosystem in India and to deliver against our climate action aims aligned with the PIDG 2030 strategy.”