MFIN

Microfinance Institutions Network

THE MICROSCAPE

NOV, 2012

ACKNOWLEDGEMENTS

We are grateful to our members for their steadfast support and cooperation in providing us a very comprehensive and rich set of data, in a timely manner.

We would like to especially acknowledge the support provided by the MIX Market Team lead by Ms. Elizabeth Larson. The MIX-MFIN collaboration, through a combination of the data collection and collation capabilities of MFIN and the analytical tools available with MIX, has enabled us to present an in-depth analysis of the financial and operating trends in the industry.

We would also like to thank Mr. Syed Mohsin Ahmad, Chairperson of the South Asian Microfinance Network (SAMN) and CEO, Pakistan Microfinance Network (PMN), for providing valuable feedback and inputs, based on his extensive regional experience.

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ABBREVIATIONS

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AP	Andhra Pradesh
bn	billion
BoP	Bottom of the Pyramid
BPL	Below Poverty Line
CGAP	Consultative Group to Assist the Poor
CoC	Code of Conduct
DFI	Development Finance Institution
EC	Enforcement Committee
ESCAP	Economic and Social Commission for Asia and Pacific
FPC	Fair Practices Code
FY	Financial Year
GDP	Gross Domestic Product
GLP	Gross Loan Portfolio
GoI	Government of India
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIP	Index of Industrial Production
KA	Karnataka
MDG	Millennium Development Goals
MFIs	Microfinance Institutions
MFIN	Microfinance Institutions Network
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MH	Maharashtra
mn	million
MP	Madhya Pradesh
MSDF	Michael and Susan Dell Foundation
NBFC	Non Banking Financial Companies
NE	North East
NRLM	National Rural Livelihood Mission
OpEx	Operating Expenses
OSS	Operational Self Sufficiency
PAR	Portfolio at Risk
PLR	Prime Lending Rate
RBI	Reserve Bank of India
ROA	Return on Assets
ROE	Return on Equity
Rs	Indian Rupee
SGSY	Swarnajayanti Grameen Swarojgar Yojna
SHG	Self Help Group
SIDBI	Small Industries Development Bank of India
TN	Tamil Nadu
UN	United Nations
UP	Uttar Pradesh
USD	United States Dollar
WB	West Bengal

INTRODUCTION

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About MFIN

Microfinance Institutions Network (MFIN) is the premier industry association for the microfinance industry in India and its current membership consists of 42 leading NBFC (Nonbanking Financial Company) Microfinance Institutions (MFIs) in the country. The aggregate business of MFIN members constitutes over 90% of the Indian microfinance industry (excluding SHGs). MFIN seeks to work closely with regulators and other key stakeholders to achieve larger financial inclusions goals through microfinance.

MFIN's vision is to be an engine of inclusive growth for India and help provide financial services to 100 mn low income households by the year 2020, in a responsible and transparent manner, thereby helping them build sustainable livelihoods.

MFIN works in three core areas of Self-regulation, Advocacy and Development for its member institutions. Knowledge and information based on accurate, timely and relevant data is central to MFIN's work across the three focus area. And, since inception, MFIN has taken a series of steps to contribute to an enhanced body of microfinance information to guide industry practices and support policy dialogues. This publication, the MicroScape is one more effort towards this.

About MicroScape

This is the inaugural edition of the MicroScape, our annual publication that offers a comprehensive overview of the operational and financial trends in the Indian microfinance industry in a given financial year. The in-depth analysis presented in the MicroScape is based on data from the **Audited Financial** Statements of all MFIN members, whose combined business constitutes over 90% of the microfinance industry in India (excluding SHGs).

In this edition of the MicroScape, we seek to capture the important trends in the industry for the FY 11-12 and compare key performance indicators for FY 11-12 with the previous two financial years, FY 09-10 and FY 10-11.

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Data and Methodology

- For FY 11-12 and FY 10-11, data and analysis is based on a cohort of 42 MFIs, but for FY 09-10 the data set is derived from 39 MFIs as 2 of the MFIs included in the analysis for FY 11-12 and FY 10-11, namely Muthoot and Intellecash, started microfinance operations in FY 10-11. Refer to Annex 1 for complete list of reporting MFIs.
- Data and ratios used for analysis is extracted from the MIX Market (www.mixmarket.org).
- Financial analysis is based on the audited financial statements of MFIs for FY 09-10, FY 10-11, and FY 11-12.
- Operational and portfolio quality data is self-reported.
- Ratios for various peer groups and for pan-India calculations are based on simple averages of the individual ratios derived for each MFI, unless otherwise stated. This methodology has been employed to net-off the disproportionate impact of large AP MFIs and large MFIs, on the overall industry data.
- Treatment of the financial statements is based on IFRS Standards.
- CGAP standard definitions and formulae are used for all analyses. Refer to Annex 2 for details of all definitions and ratio used in the publication.

Peer Grouping

MicroScape presents an analysis of the microfinance industry in India by categorizing all MFIN member MFIs, as per the following criteria:

- **AP MFIs:** MFIs with more than 20% portfolio in Andhra Pradesh have been taken as AP MFIs. This category consists of the 9 MFIs that have a significant percentage of their portfolio concentrated in Andhra Pradesh(AP), namely, Asmitha, Bhartiya Samruddhi Financial Ltd, Future Financial Services Ltd, L & T Finance, Share Microfin, SKS, Spandana Sphoorty, SWAWS, and Trident Microfinance.
- **Non-AP MFIs:** MFI that have a nil or very small exposure to AP have been categorized as non-AP MFIs. All, but the above mentioned 9 MFIs, fall in this category.
- MFIs have further been grouped based on their Average Gross Loan Portfolio (Avg GLP) size in the last three financial years. There are 9 MFIs with Avg GLP > Rs 5 bn, 12 MFIs with Rs 5 bn > Avg GLP > Rs 1 bn, and 21 MFIs with Avg GLP < Rs 1 bn. Complete list of MFIs under different peer groups can be seen in Annex 1.

Exceptions and Caveats

The following caveats apply to the analysis presented in this report:

- Analysis of the loan disbursement amounts at the state level does not include data from SKS and Bandhan.
- Data on rural and urban distribution of MFI branches, clients, and GLP does not include data from SKS and L & T Finance. Funding scenario does not include data from Bandhan and SKS.
- Data for L & T Finance has only been included in the operational analysis. Microfinance lending is only 1.5% of their total balance sheet, therefore, the total balance sheet figures are not indicative of the financial performance of its microfinance portfolio.

EXECUTIVE SUMMARY

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During the year 2011-12, for the most part, the industry continued to struggle with the devastating effects of the Andhra Pradesh Microfinance Institutions (regulation of money lending) Ordinance/Law, 2010. Funding constraints, negative perceptions combined with higher operating costs, remained all too real challenges to the growth of the industry. On a pan India basis, all indicators, viz., clients, GLP, disbursements, branches, employees, portfolio quality, and financial performance ratios, deteriorated. Not surprisingly, the decline was directly attributable to non-performing portfolios in Andhra Pradesh (AP) and performance of AP based MFIs.

Despite these constraints, the performance of non-AP MFIs remained quite encouraging. The non-AP MFIs increased their portfolio size by a remarkable 25%, thus proving viability and sustainability of the NBFC-MFI model. Another noteworthy trend was the growing geographical diversification of MFIs. The microfinance industry, which was previously concentrated in Andhra Pradesh and a few southern states, now has a relatively larger presence in the states of Tamil Nadu, Karnataka, West Bengal, Orissa, Maharashtra, Madhya Pradesh, Gujarat, Uttar Pradesh, and Bihar. Non-AP MFIs contributed about half of the aggregate microfinance portfolio as of March 31st, 2012, as compared to only 27% as of March 31st, 2010. In terms of disbursements, non-AP MFIs contributed 68% of the total disbursements in FY 11-12.

Portfolio quality for non-AP MFIs remained at healthy levels with Portfolio at Risk (PAR) 30 in the 1%-2% band. The portfolio of AP based MFIs, of course, deteriorated significantly with PAR 90 being as high as 86% (as of 31st March 2012). The portfolio of AP based MFIs in states other than AP has also been adversely impacted, with their PAR 30 numbers being much higher than that of non-AP MFIs.

The deteriorating AP portfolios severely impacted the flow of funds to MFIs from both banks and investors. However, as risk perceptions vis-à-vis the microfinance industry improved in the last six months of FY 11-12, bank funds and equity began flowing into the sector. Of-course, funders adopted a much more cautious approach resulting in small MFIs with portfolio size less than Rs 1 bn finding it difficult to raise fresh equity or debt.

As with other industries, the challenging operating environment pushed MFIs towards greater efficiency. Both number of clients per employee as well as the outstanding GLP per employee increased in FY 11-12. For AP based MFIs, however, these numbers deteriorated as the decline in outstanding portfolio in FY 11-12 outweighed the reduction in headcount. The ratio of outstanding loan portfolio to total assets held by the industry also increased in FY 11-12, further proof of the fact that the microfinance industry was becoming a leaner and more efficient.

We may conclude, from the detailed analysis presented in this edition of the MicroScape that non-AP MFIs have, for the most part, succeeded in containing the impact of the AP crisis. This bears further evidence to the fact that the core NBFC-MFI model is robust and supportive regulation and policy directives can enable it to become the cornerstone of the architecture for addressing country's financial exclusion woes.

1.1 The macro-economy

India emerged as the fourth largest economy globally in FY 11-12, on a purchasing-power-parity (PPP) basis. While private consumption slowed down, the large domestic market, robust investment-to-GDP ratio, and demographic advantage, worked in its favor. However, this was small consolation for a nation dogged by bleak economic news for most of the year.

A combination of uncertain international conditions and the challenging domestic political situation added to the pressures on the Indian economy in FY 11-12. India's fiscal deficit for FY 11-12 widened to 5.9% of GDP. Growth hit a three-year low with GDP moving up by just 6.5% as compared to an impressive 8.4% in the previous fiscal. The Index of Industrial Production (IIP) growth averaged 2.8% in FY 11-12 compared with 8.2% in the previous fiscal year, bringing down overall industrial growth in FY 11-12 closer to the crisis year level of FY 08-09. Especially telling was the adverse impact on investment which grew by only 5.6%, slowing down from 7.5% in the previous year.

The inflation rate for FY 11-12 averaged 8.84% compared with 9.57% a year ago. The (Reserve Bank of India) persisted with its anti-inflationary monetary policy stance adopted since early 2010, and for much of FY 11-12 it resorted to tightening of key policy rates to rein in inflation. As the RBI carefully calibrated policy response to manage the growth-inflation trade-off, further rate cuts were halted in the third and fourth quarter monetary policy reviews. However, analysts argued that the current inflation index did not fully capture the price pressures on consumers and the improved inflation figures suffered from a high base effect. The depreciation of the rupee against the USD also put upward pressure on inflation due to rising cost of petroleum and imported items.

Key Macro-economic and Financial Indicators for India*

	Unit	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Nominal GDP	Rs bn	55,671	65,503	78,756	90,154
GDP Growth Rates	%	6.7	8.4	8.4	6.5
Non-agriculture sector	%	8.1	9.3	8.5	7.4
Consumer Price Index	%	9.1	12.4	10.4	8.1
Growth Rates in deposits	%	19.9	17.2	15.9	13.5
Growth Rates in debt	%	17.5	16.9	21.5	17
Saving to GDP Ratio	%	31.7	33.5	31.3	31.3
Deposit Rates					
Savings	%	3.5	3.5	3.5	4
Term Deposit (1 - 3 years)	%	8.00-8.75	6.00-7.00	8.25-9.00	9.25
Term Deposit (3 - 5 years)	%	8.00-8.50	6.50-7.5	8.25-8.75	9.00-9.25
Term Deposit (> 5 years)	%	7.75-8.50	7.00-7.75	8.50-8.75	8.50-9.25
Lending Rate (PLR/Base rate)	%	11.50-16.75	11.00-15.75	8.25-9.50	10.00-10.75
Foreign Investments	Rs bn	-433.38	1149.01	1107.6	499.18
Exchange Rate vs USD (period average)		46	47.4	45.6	51

*Source: RBI, Statistics of Indian Economy, Sep 2012 and IMF Country Report 2012 Article IV Report

India's inflation woes were further aggravated by the fact that the price pressures came primarily from high food prices. As we go down the income demography, spending on food dominates household budgets. As such, the poor are worse off by the erosion in purchasing power caused by rising inflation. A UN Economic and Social Commission for Asia and the Pacific (ESCAP) report released in April 2011 cautioned that climbing food prices across Asia, especially India, Bangladesh, Nepal and Laos, might slow down the region's efforts to eradicate extreme poverty and hunger under the Millennium Development Goals (MDG) by at least five years. According to the report, rising food prices prevented over 19 mn people in the region from pulling themselves out of poverty last year. The vast majority of these people are Indian, thus making India one of the most deeply affected nations by rising food costs. It may therefore even be argued that failure to address inflation could have far more disastrous consequences on inclusive economic growth in India than slowing investment.

The UN's annual Millennium Development Report released in July 2011 shows that India's poverty rate is expected to fall to 22% by 2015 from 51% in 1990. This marks an improvement from the previous year's projections, which forecast India's poverty rate to drop to 24% by that year. However, the report also highlighted that when it comes to eradicating poverty, India is still lagging behind China and other countries in East Asia, which have seen sharp reductions in poverty in recent years.

India is still the poorest among the G20 countries despite improvements in its global ranking of per capita income which stood at USD 1,527 (~ Rs 84,000) for FY 11-12. According to a World Bank study published in May 2011, India spent 2% of its GDP, equivalent to USD 28.6 bn (Rs 1,573 bn), in FY 10-11, on social programs to alleviate and prevent poverty, which is a higher percentage than most developed nations, any other Asian country, and about three times China's spending. Corruption and large scale leakages in the public distribution systems are seen as the primary reasons for the limited efficacy of government sponsored poverty alleviation programs.

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), launched in 2006, has been the flagship welfare scheme of the present Government. It costs over USD 8 bn (Rs 440 bn) a year which is 3% of all public annual spending in India. The scheme guarantees one hundred days of employment in every financial year to adult members of any rural household willing to do public work-related unskilled manual work. MGNREGA is estimated to have provided employment to about 50 mn households in FY 10-11 and has helped lift rural wages. Another noteworthy feature of MGNREGA is the stipulation that at least one-third of the beneficiaries of this program shall be women. There is some evidence that the Maharashtra Employment Guarantee Scheme, the state program on which the MGNREGA is modeled, has been successful in engaging women in rural Maharashtra in productive ways and helped enhance their economic independence. If the MGNREGA is able to replicate this outcome nationwide, it could have a significant positive impact on the role of women in rural and semi-urban communities.

Gender equality is a critical determinant of inclusive growth. It is widely acknowledged across the world that enabling women to participate in the labour market and contribute to economic development promotes prosperity and stability, reduces child poverty, helps address the pressures of population ageing, and increases productivity. The Swarnajayanti Grameen Swarojgar Yojana (SGSY), launched in the year 1999, is another landmark government program that intends to empower women in poor and marginalized communities by organizing them into Self Help Groups (SHGs) and facilitating access to self-employment opportunities and easy access to savings and credit. In June 2011, the Ministry of Rural Development, Government of India, restructured the SGSY program as the National Rural Livelihoods Mission (NRLM), which built on the core strengths of the SGSY and seeks to address the weaknesses and shortcomings of the SGSY. Aided partly through investment support by the World Bank, this program aims to reach 70 mn Below Poverty Line (BPL) households, across 600 districts, 6,000 blocks, 0.25 mn Gram Panchayats and 0.6 mn lakh villages in the country through SHGs and federated institutions, and link them to sustainable livelihoods opportunities.

It must also be acknowledged that income poverty is just one aspect to be considered while designing poverty eradication programs. In order for these programs to be truly effective, they must also address other factors that contribute to the vulnerability of the poor, such as inadequate access to health care services, education, and financial services. The limitations of government interventions since independence has proved that Government institutions alone can not serve the needs of the poor in an adequate and timely manner. Hence, it is critical to design public policy that will provide a level playing field for socially conscious private players and stimulate the market for developing products and services for the bottom-of-the-pyramid (BoP).

By providing small uncollateralized loans at affordable rates to poor women, MFIs advanced the financial inclusion agenda of the GoI while also financially empowering women in poor rural and semi-urban communities. Hence, there is a critical need to integrate microfinance into the mainstream financial landscape.

1.2 The microfinance industry

The performance and challenges of the microfinance industry in the past year, have in many ways, mimicked those of the Indian economy at large.

Regulatory uncertainty abated to some extent as the Reserve Bank of India recognized NBFC-MFIs as a separate and distinct category of financial institutions and stipulated specific guidelines for the sector. Media and public sentiment showed some improvement with regard to microfinance. And, investors and funders showed renewed interest in non-AP MFIs that had proved resilient in these challenging times.

Both the GoI and the RBI acknowledged the role of Microfinance Institutions in enabling financial inclusion. Policy directives for the industry were largely supportive and aimed to establish systems and processes that will promote the healthy development of the industry, catalyze the microfinance sector, and allow MFIs to better serve the national agenda of financial inclusion and inclusive growth. The Micro Finance Institutions (Development & Regulation) Bill, 2012, is currently under review by the Parliamentary Standing Committee on Finance. On completion of the legislative process for the promulgation of the Bill, the industry will have a well-defined and comprehensive framework for its evolution into an effective and efficient channel for providing the full range of financial services to the BoP segments.

In this context, a noteworthy feature of the NRLM program was the inclusion of non-Bank Finance Company Microfinance Institutions (NBFC-MFIs) as support organizations. Institutions acting as support organizations will be responsible for initiating the processes of organizing the beneficiaries of this program into SHGs and providing access to livelihoods services and skills training that will help them secure employment either in jobs or in remunerative self-employment and micro-enterprises. Allowing NBFC-MFIs to become embedded in key Government initiatives such as the NRLM marks a turning point in the process of mainstreaming of the microfinance industry as a key player in financial inclusion.

The microfinance industry, on its part, acted on the lessons learnt from the crisis in Andhra Pradesh. Key measures have been put into play that put responsible finance and client protection at the heart of microfinance operations.

1.2.1 Code of conduct

One of the early initiatives of MFIN was to create a stringent Code of Conduct (CoC) for member MFIs. The MFIN Code of Conduct stipulated clear guidelines to ensure that microfinance services are provided in a manner that is ethical and transparent, with a special emphasis on guidelines to prevent over-indebtedness of clients. The MFIN CoC, in some respects, was ahead of its time, in that it capped the total indebtedness of any single borrower at Rs. 50,000 and provided for a 3 lenders limit, even before the AP crisis of October 2010. The MFIN CoC also provided for an independent Ombudsperson mechanism for client grievance redressal and encouraged whistle blowing by member MFIs to strengthen its enforcement process.

In December 2010, MFIN and Sa-Dhan, the two national industry associations of microfinance institutions in India, started collaborating to create a unified Code of Conduct (CoC) for all Microfinance Institutions. This initiative was subsequently supported by the 'Responsible Finance Forum', a consortium of key industry stakeholders along with the two industry associations, namely, the International Finance Corporation (IFC), World Bank, Small Industries Development Bank of India (SIDBI), Michael & Susan Dell Foundation (MSDF), and ACCESS Development Services. The unified CoC was finalized and released in December 2011, after an intensive process of consultation with MFIs and other stakeholders.

MFIN has got the Industry CoC translated into all major Indian regional languages and disseminated among member MFIs. Members are expected to print and display the Client Protection Guidelines section of the Code of Conduct in plain sight, in all their branches.

1.2.2 Enforcement committee

In order to ensure adherence to the CoC, RBI regulations, Fair Practice Code and a fair and balanced assessments of violations that may occur, MFIN has instituted an Enforcement Committee (EC), comprising of 4 representatives from its member MFIs and 3 external members. The EC manages the enforcement mechanism and deals with complaints received from members/others. It has also laid down a framework for effective and timely management of compliance issues. In FY 11-12, the EC handled a number of complaints related to interest rate and fee charges, high ticket lending, recruitment practices, and multiple borrowing to a single client. The issues were dealt with, as per the established process, and brought to satisfactory closures. This has had a salutary impact on the operating practices of MFIs.

1.2.3 Credit Bureau

MFIN worked closely with its members for the development of a full scale Credit Bureau ecosystem for microfinance industry. It facilitated and supported the establishment of the first Credit Bureau focused on rural markets (High Mark) aimed at improving credit risk management and adherence to the qualifying asset criteria laid by the RBI. In this context, the key focus of MFIN has been to ensure that all MFIN members join both Bureaus, establish mechanisms for accurate, regular, and complete data sharing with both Credit Bureaus, and commence use of Credit Bureau Reports for all lending. These efforts have led to a remarkable increase in the use of Credit Bureaus by MFIN member MFIs. As of 30th September, 2012, all MFIN member MFIs are members of both Bureaus and are providing complete and regular data to both. As of March 31st, 2012, data pertaining to 70 mn loan accounts has been submitted to the Bureaus and over 2 mn queries pertaining to credit history of prospective borrowers have been processed.

The use of credit bureau reports has helped prevent over-borrowing and multiple-lending, thus ensuring that all MFIs are in compliance with regulatory norms and has also facilitated better credit risk management by MFIs.

OUTREACH 2

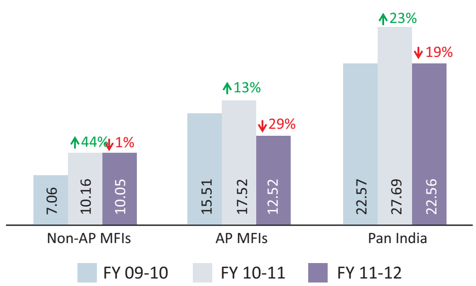
2.1 Clients

As of 31st March 2012, 41 NBFC - MFIs had a cumulative client base of 22.56 mn. On a pan-India basis, client base declined by 19% over the previous fiscal. The impact of the AP crisis was clearly in evidence as AP MFIs contributed to 98% of the decline in client base.

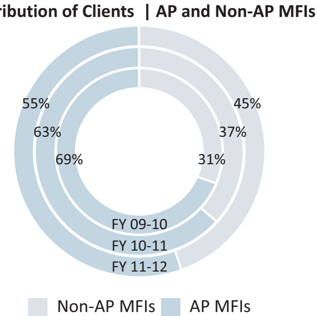
It is noteworthy that the share of non-AP MFIs in the total client base increased from 31% in FY 09–10 to 45% in FY 11–12.

A few large MFIs continued to dominate the sector, with the top 10 accounting for 82% of the total client base. 97% of the MFI clients are women and 60%* are in rural areas.

Client Base (mn)

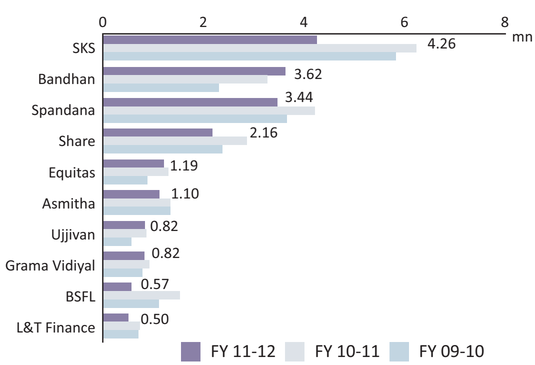


Distribution of Clients | AP and Non-AP MFIs

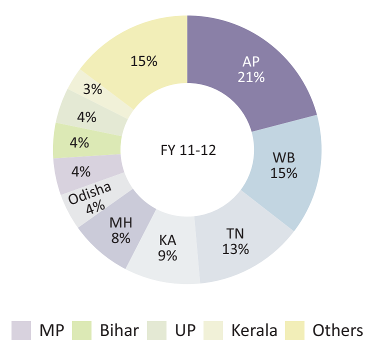


SKS continued to be the largest MFI in terms of client base, followed by Bandhan, Spandana, and Share. The top 10 MFIs covered 82% of the total client base, even though each of them, except Bandhan, witnessed a decline in the number of clients in FY 11-12. On an aggregate basis, the client base of the top 10 MFIs decreased by over 20% in FY 11-12.

Top MFIs | Clients



Distribution of Clients | State wise



Even though AP continued to have the largest number of clients in FY 11-12, the AP client base was largely inactive. In terms of active clients, West Bengal topped the list followed by Tamil Nadu, Karnataka, and Maharashtra.

* Does not include data from SKS

2.2 Gross loan portfolio

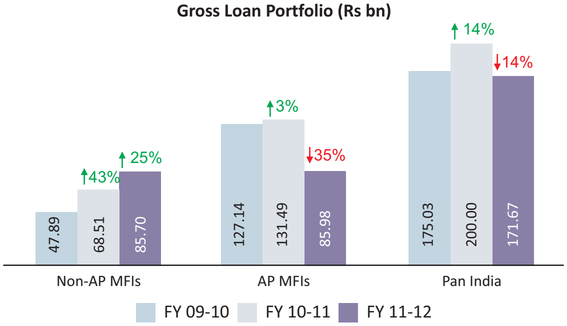
As of 31st March 2012, the total outstanding portfolio at Rs 171.67 bn, decreased by 14% as compared to the previous financial year. However, much of this decline came from AP-based MFIs. On an aggregate basis, the portfolio of AP MFIs decreased by over 35% while that of non-AP MFIs grew by 25%. The outstanding portfolio of medium and large non-AP MFIs increased by 34% and 45% respectively YoY.

The portfolio of AP based MFIs experienced significant decline in FY 11-12. Their portfolio share in the aggregate outstanding portfolio for the industry declined from 73% in FY 09-10 to 50% in FY 11-12. However, the 9 largest MFIs continued to have 80% share of the Gross Loan Portfolio of the industry, though their share decreased by 5% from FY 09-10.

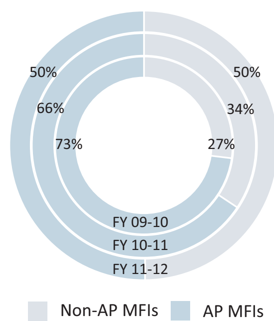
Non-AP MFIs, as a group, witnessed a growth of 25% in GLP. The aggregate GLP for medium and large non-AP MFIs grew by 34% and 45% respectively.

Portfolio concentration in AP remains large, although it is largely a non-performing. West Bengal and Tamil Nadu rank 2nd and 3rd in terms of portfolio size.

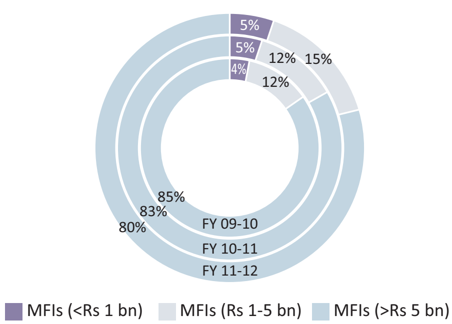
Gross Loan Portfolio (Rs bn)



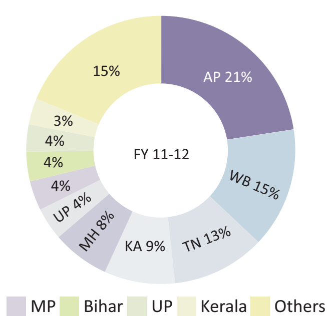
Distribution of GLP | AP and Non-AP MFIs



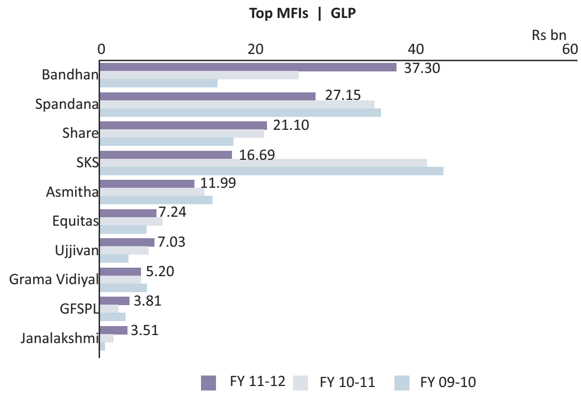
Distribution of GLP | Size of MFIs



Distribution of GLP | State wise

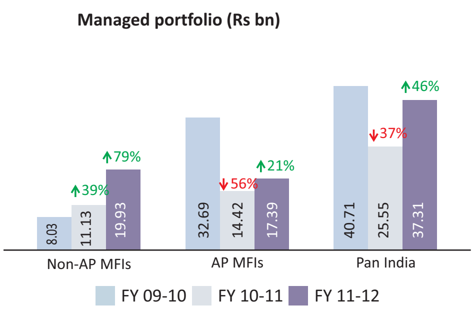


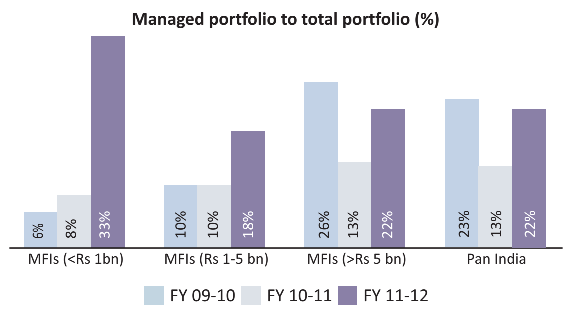
Bandhan is the largest MFI in terms of GLP followed by Spandana, Share and SKS.Bandhan has increased its portfolio by 149% since FY 09-10. Top 10 MFIs together have 82% of the total portfolio.



Managed portfolios increased by 46% on an all India basis in FY 11-12. Both AP and non-AP based MFIs securitized a larger portion of their portfolios than ever before. In this regard, it is important to note that non-AP MFIs, as a group, had a larger share of the total managed portfolio for the industry (53%) than AP MFIs, in FY 11-12.

It is encouraging to observe that even smaller MFIs were able to securitize/sell their portfolio. On an aggregate basis, MFIs with GLP < Rs 1 bn securitized about 33% of their portfolio in FY 11-12 compared to only 6% two years earlier.



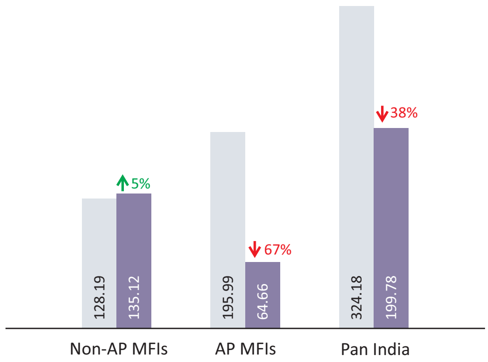


2.3 Disbursements

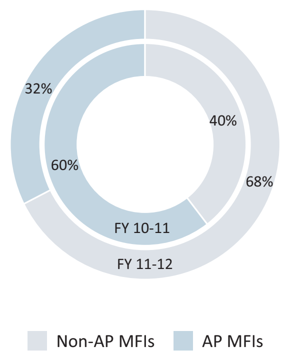
On a pan India basis, disbursements decreased by 38% from Rs 324 bn in FY 10-11 to Rs 200 bn in FY 11-12. Not surprisingly, this decline is directly attributable to the significant decrease in disbursements by AP based MFIs. Disbursements of non-AP MFIs went up marginally by 5%.

Another notable feature is that non-AP MFIs accounted for 68% of the total industry disbursements in FY 11-12. The total share of disbursements of the 9 largest MFIs decreased from 83% in FY 10-11 to 76% in FY 11–12.

Disbursement (Rs bn)

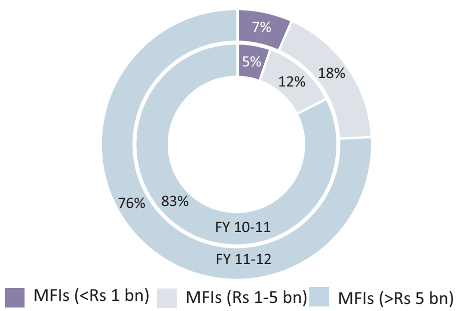


Distribution of disbursement | AP and Non-AP MFIs

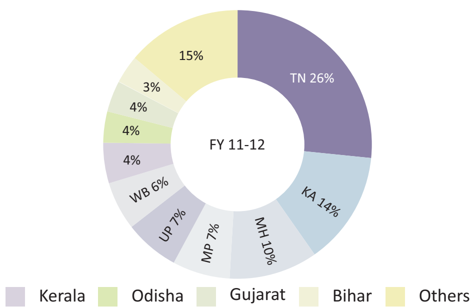


State-wise distribution of disbursements for the two largest MFIs, viz, SKS and Bandhan, is not available. Based on data from the remaining 40 MFIs, TN, Karnataka, Maharashtra, MP and UP were among the top states, in that order, in terms of disbursements.

Distributions of disbursement | Size of MFIs



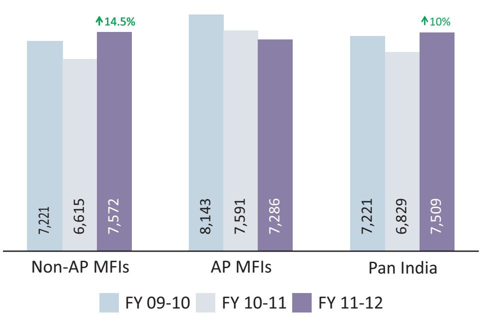
Distribution of disbursement | State wise



2.4 Loan amount outstanding per client

On a pan India basis, average loan outstanding per client in FY 11-12 was Rs 7,509 - up by 10% from the previous year.

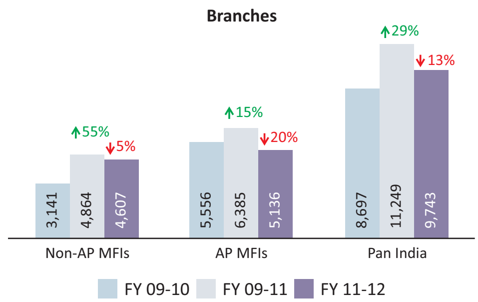
Average loan balance per borrower (Rs)

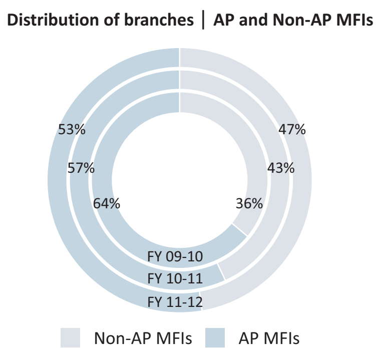


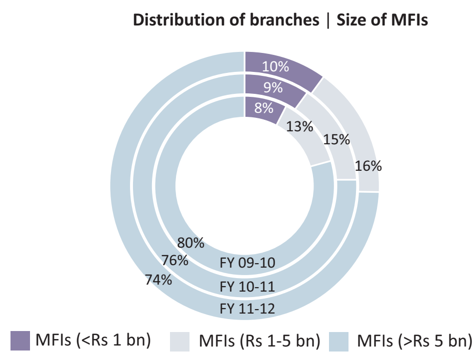
3.1 Branches

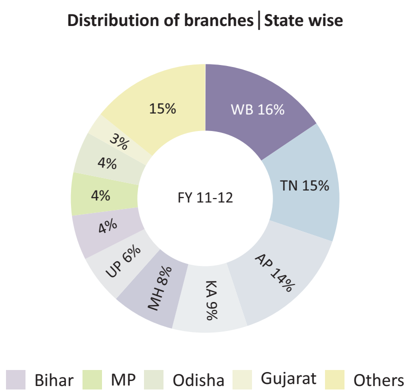
As of 31st March 2012, there were 9,743 MFI branches across 26 states. On a pan-India basis, the number of branches reduced by 13% from the previous fiscal year. This decrease was attributable to both AP and non-AP based MFIs; AP based MFIs decreased their branch network by 20% while non-AP based MFIs decreased their branch network by 5%.

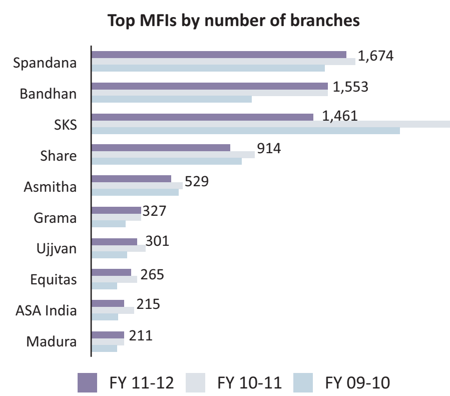
The 9 largest MFIs had over 74% share of the total branch network. The share of non-AP MFIs in the total number of branches across the country rose to 47% in FY 11-12, from 36% in FY 09–10.











In terms of geographical distribution of MFI branches, West Bengal had the largest number of branches, followed by Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra.

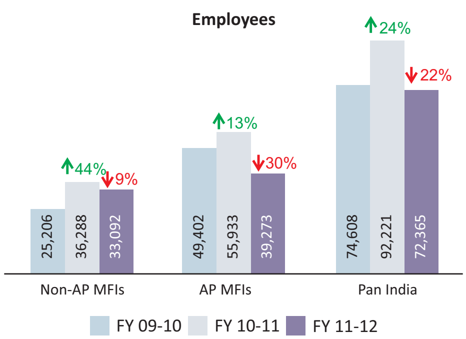
Among institutions, Spandana had the largest number of branches. Of the top 10 MFIs (in terms of branches), all except Bandhan and Grama Vidiyal, decreased their branch network in FY2011-12. The number of branches for Bandhan and Grama Vidiyal remained constant as compared to the previous year.

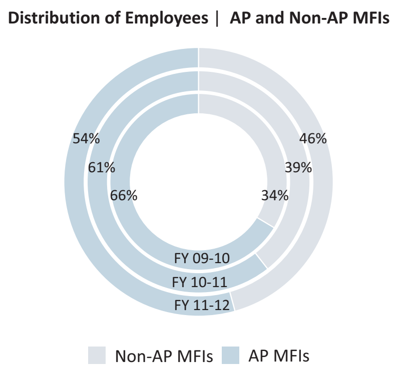
3.2 Employees

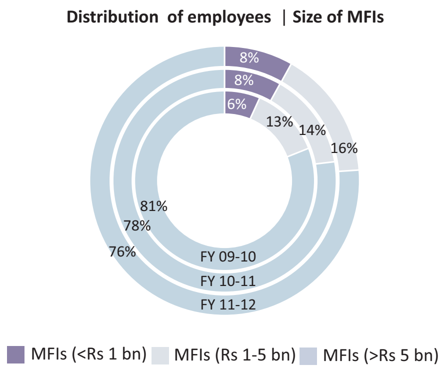
As of 31st March, the cumulative employee strength of the MFIs was 72,765, 11% of them being women.

The AP crisis affected not just the portfolio size and client outreach of MFIs, but also the employee bases. On a pan India basis, number of employees decreased by 22% for the microfinance industry. AP MFIs were responsible for 84% of this decline as they decreased their employee strength by 30%, over the previous year.

The 9 largest MFI had 76% share of the total employee base in FY 11-12, compared to an 81% share in FY 09–10. non-AP MFIs as a group accounted for 46% of the total employee base.

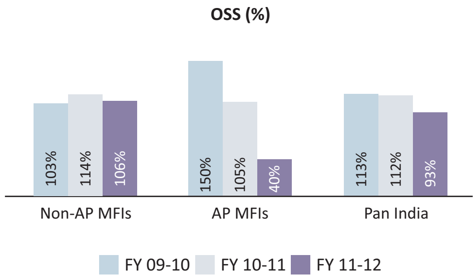


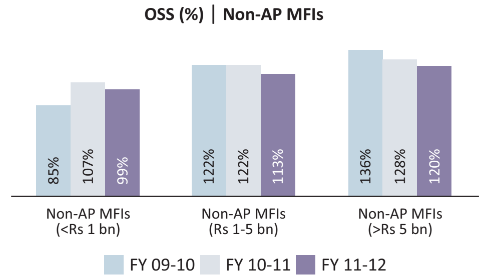




4.1 Operational self sufficiency

The operational self sufficiency (OSS) for the industry was poised at above 100% in FY 11-12 with the exception of AP based MFIs in FY 11-12. However, the OSS is seen to be improving with the increase in portfolio size.

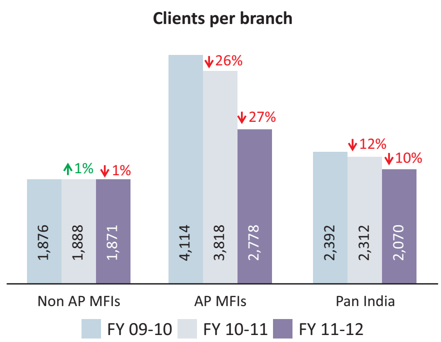


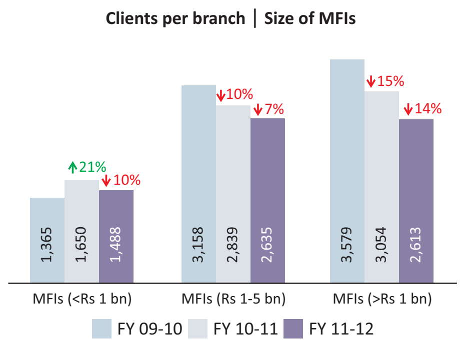


4.2 Branch ratios

4.2.1 Clients per branch

As of 31st March 2012, on average, a microfinance branch served 2,070 clients. The average number of clients per branch for AP MFIs was 2,778 compared to 1,871 for non–AP MFIs.

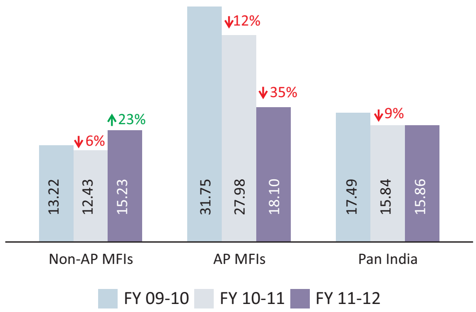




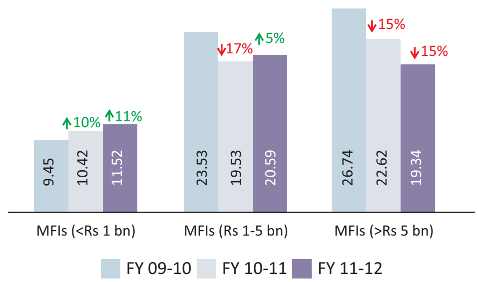
Client per branch ratio deteriorated for both AP and non-AP MFIs in FY 11-12, though the contraction was higher for AP based MFIs. Interestingly medium size MFIs has largest clients per branch ratio.

4.2.2 GLP per branch

GLP per branch (Rs mn)



GLP per branch (Rs mm) | Size of MFIs



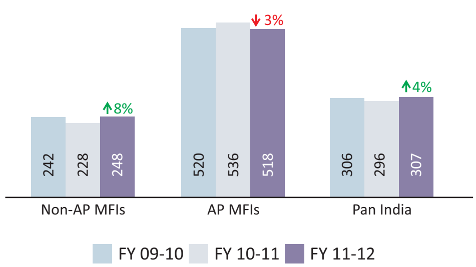
On an all India basis, on average, a branch had a portfolio of Rs 15.86 mn in FY 11-12 as compared to Rs 19.78 mn in FY 09-10. GLP per branch ratio has decreased significantly in the last couple of years for AP based MFIs, largely due to rapid expansion in the number of branches in FY 10-11, and subsequently due to a sharp contraction in portfolio in FY 11-12 as a result of the AP crisis. non-AP MFIs had a significantly improved GLP per branch ratio, even though they had smaller portfolios than AP based MFIs. Interestingly, medium sized MFIs had the highest GLP per branch ratio in FY 11-12. Small and medium sized MFIs also had improved GLP per branch ratios from the previous year.

4.3 Employee ratios

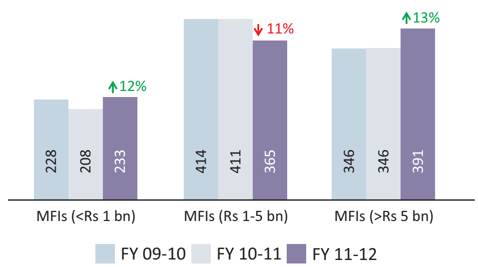
4.3.1 Clients per employee

As of 31st March 2012, the microfinance industry had, on average 307 clients per employee. Clients per employee ratio increased marginally in FY 11-12 by 4% on an all India basis. AP based MFIs, on average, had a far higher number of clients per employee as compared to non-AP MFIs. Since the average AP based MFIs are also larger, we may conclude that clients per employee ratio improves with scale.

Clients per employee

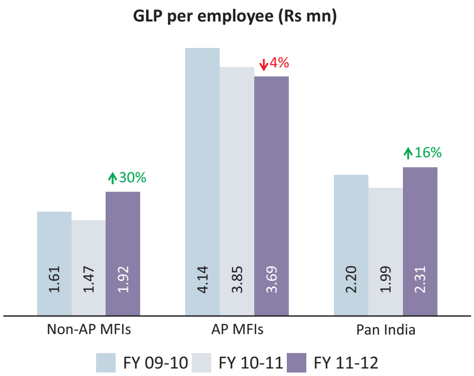


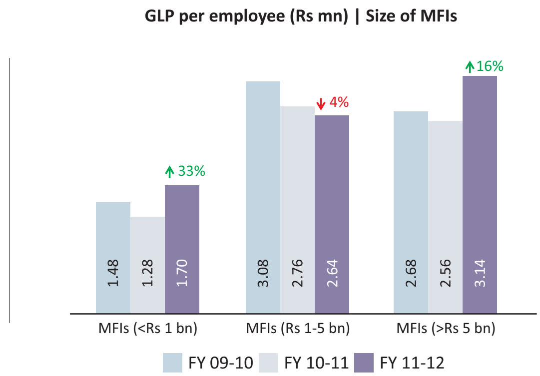
Clients per employee | Size of MFIs



4.3.2 GLP per employee

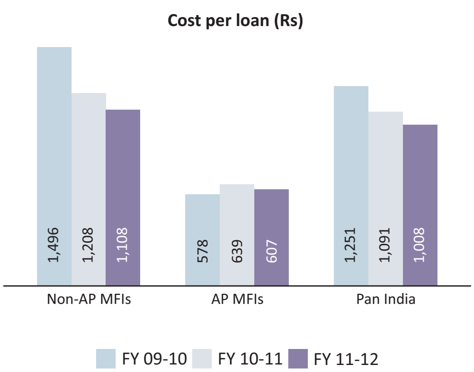
As of 31st March 2012, MFIs, on average, had a portfolio balance of Rs 2.31 mn per employee. This ratio has improved significantly in the past couple of years as MFIs have reduced their head count significantly. While AP based MFIs continued to show higher GLP per employee ratios than non-AP MFIs, this was largely because non-performing AP portfolios were not yet written-off, even as MFIs reduced their employee base. Like other efficiency indicators, GLP per employee improved as MFIs grew in scale and size. GLP per employee for large MFIs was almost 1.84 times that for smaller MFIs.

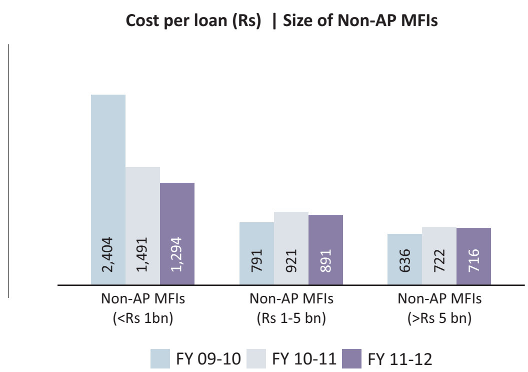




4.4 Cost per loan account

As of 31st March 2012, MFIs, on average, the amount of money spent on each loan account was Rs. 1,108. The ratio has remained at similar level over the period, however it is noteworthy here that non AP-MFIs with more than 5 bn portfolio were able to keep it at lower level (Rs 716) by achieving economies of scale. For non AP-MFIs with portfolio less than 1 bn the ratio for FY 11-12 remained at Rs. 1,294. The higher cost per loan account for smaller MFIs highlights the lack of scale advantage.





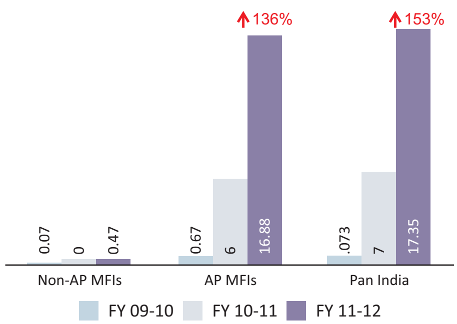
5 PORTFOLIO QUALITY

CONTENTS

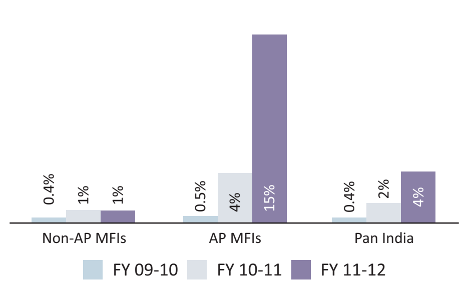
5.1 Write-offs

Since the promulgation of the Andhra Pradesh Microfinance Institutions (Regulation of Moneylending) Act, 2010, the microfinance industry has written-off loans to the extent of Rs 24.28 bn. In FY 11-12, NBFC-MFIs written-off loans totalled Rs 17.35 bn, of which, AP based MFIs accounted for 97%. The average loan write-off ratio for MFIs, on a pan India basis was 4% for FY 11-12, with the AP MFIs overwhelmingly skewing the ratio. However, non-AP MFIs continued to maintain healthy portfolios with an average write-off ratio of 1%.

Loan write offs (Rs bn)



Write-off ratio (%)

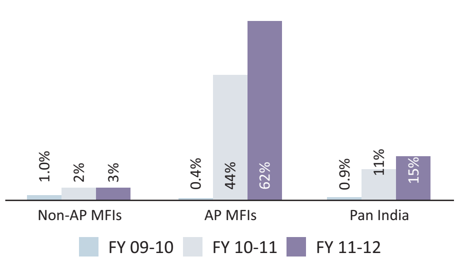


5.2 Portfolio at Risk

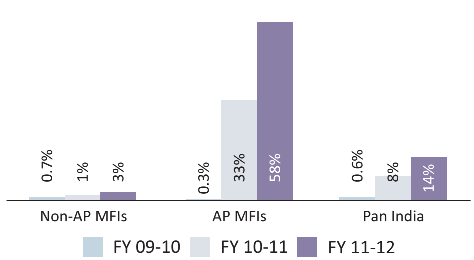
The overall Portfolio at Risk (PAR) for the microfinance industry went up to 15% in FY 11-12, despite the fact that non-AP MFIs, across region and size, maintained good portfolio quality at PAR levels between 1% - 5%.

For AP MFIs, PAR 30 was at 62%. This is because the AP portfolio suffered a double whammy from the spillover effects of the AP ordinance. On the one hand, large fractions of their portfolios became non-performing/at risk, and on the other, the aggregate loan portfolios shrank as fresh loan disbursements fell precipitately due to lack of funding.

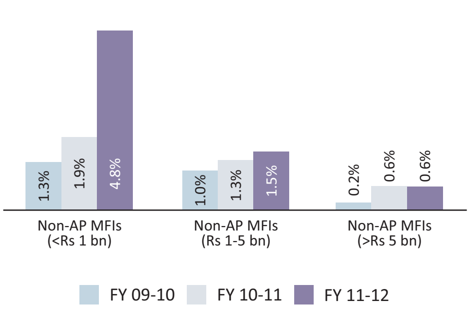
PAR 30 (%)



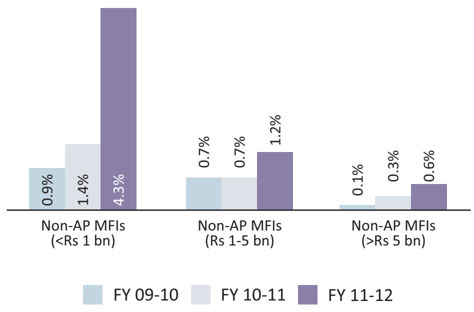
PAR 90 (%)



PAR 30 (%) | Non-AP MFIs

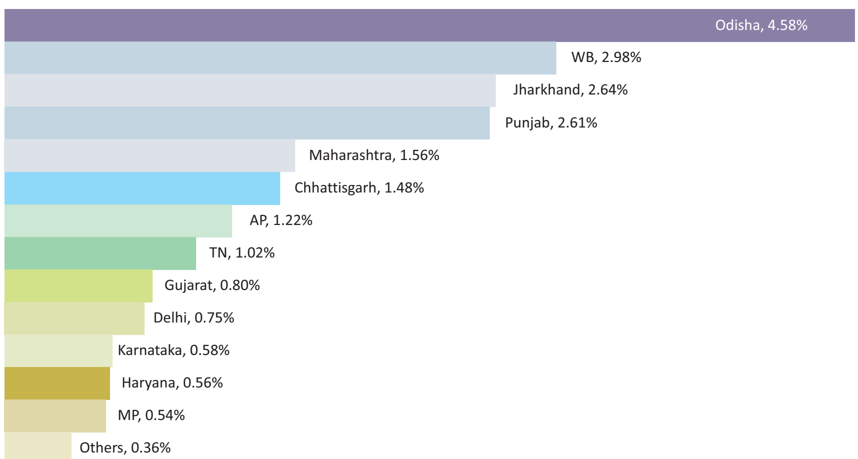


PAR 90 (%) | Non-AP MFIs



State wise analysis* of PAR 30 of non-AP MFIs, as of 31st March 2012, shows that only one state (Odisha) has PAR more than 3% while three states have PAR 30 between 2% - 3%. Rest of the states in India have PAR 30 less than 2%.

Statewise PAR > 30 days (%) | Non-AP MFIs

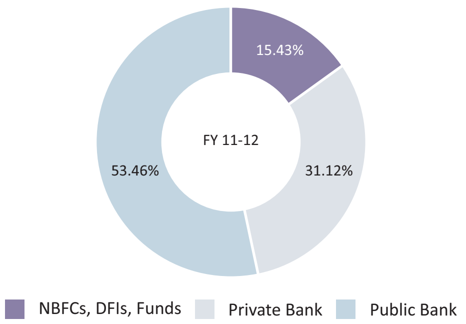


* Analysis does not include data from Sahayata and Bandhan

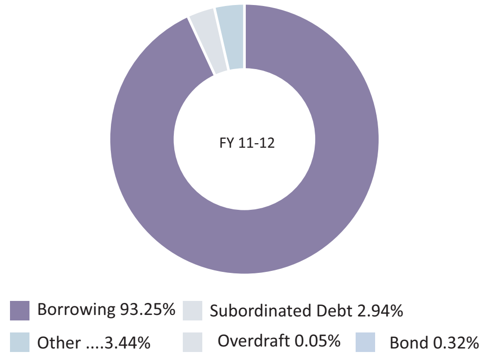
6.1 Sources of funding

Funding for the microfinance industry has largely been through three broad category of insitutions – private commercial Banks including MNC banks, Public Sector Banks and other financial institutions such as Small Indsutries Development Bank of India (SIDBI), NBFCs and Development Financial Institutions (DFIs) and funds. Of these, the public sector banks have been the biggest lenders to the MFI sector.

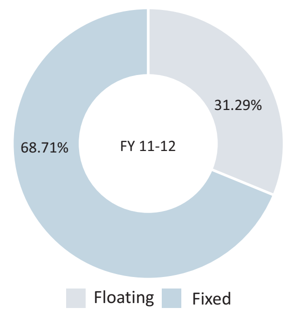
Sources of debt



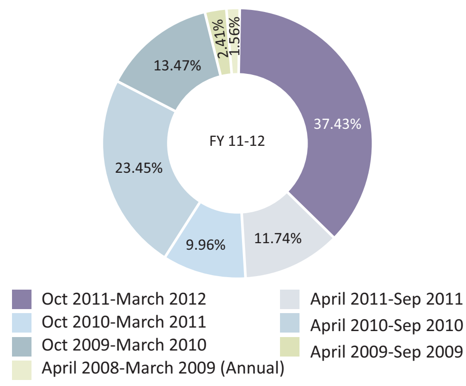
Types of funding



Distribution of debt by interest rates



Age of current outstanding borrowings



Type of funders	Number of funders
Public Sector Banks	27
Private Banks	25
NBFCs, DFIs, Funds	35

Most of the debt with MFIs (69%) was at a fixed rate, and only around 31% was at a floating rate. Also noteworthy is the fact that of the total debt outstanding on 31st March 2012, the highest proportion originated in the last two quarters of FY 11-12. Prior to that large scale funding to the industry had taken place in the first two quarters of FY 10-11. It is not surprising that the period in-between, about 12 months, which marks a lull in funding to the Microfinance sector, coincides with the period after the promulgation of the AP ordinance in October 2010. The fact that the last two quarters in FY 11-12 saw funding pick up is encouraging as it indicates a return in confidence of funders and lower risk assessment for the sector.

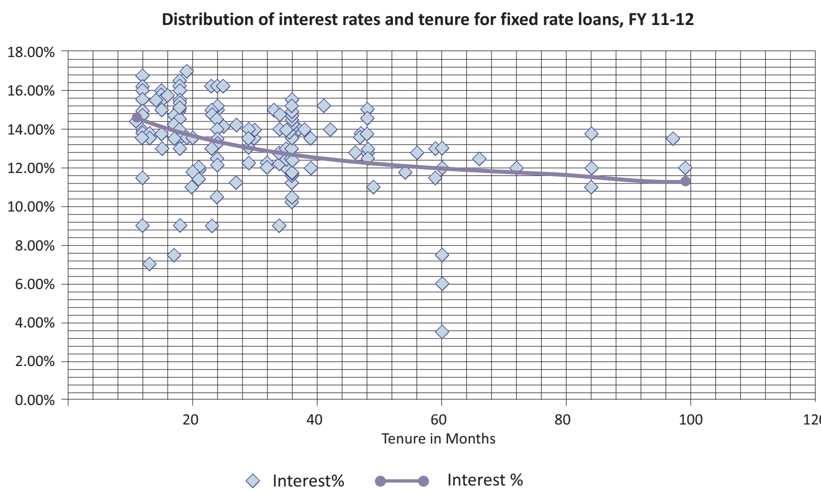
6.2 Tenure and interest rates

The median tenure for loans to MFIs is around 28 months and average borrowing rate for fixed rate loans is around 14%.

	Mean	Median
Tenure (in Months) Distribution	29.46	27.67
Borrowings Rates of Fixed Loans	13.61%	13.50%

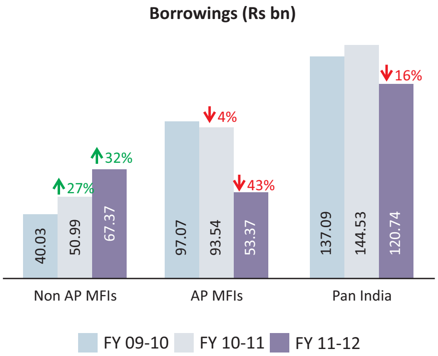
The figure below further illustrates the distribution of tenure and interest rates of borrowings to the industry* :

- The most prevalent tenures are 12, 18, and 36 months and tenures of more than 48 months are rare.
- Borrowing rates for fixed rate loans mostly fall between 10% and 16%.



* Distribution of interest rates and tenure for fixed rate loans does not include data from companies undergoing Corporate Debt Restructuring (CDR)

6.3 Borrowings

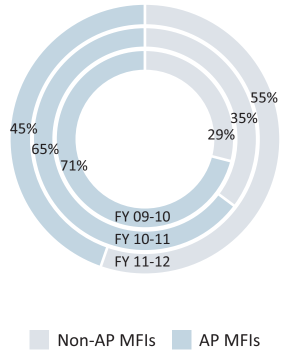


While raising new debt remained difficult for AP based MFIs, outstanding borrowings for non-AP MFIs rose steadily in the past year to 55% of total outstanding debt for the sector as of 31st March, 2012. It is also heartening to note that total outstanding debt for non-AP MFIs has risen at a constant rate of around 27% in the past three years, further demonstrating the confidence of the banking sector in performing MFIs.

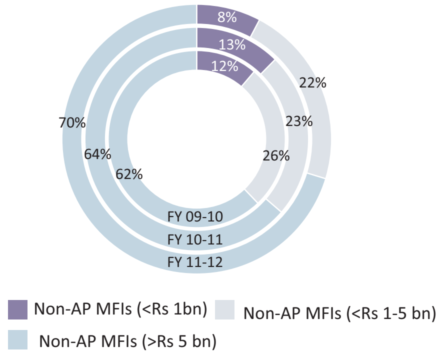
Given the large non-performing portfolios in AP and the fact that most AP based MFIs underwent Corporate Debt Restructuring in the past year, it is not surprising that total debt outstanding for these MFIs has dropped steadily in the past two years, with a decline of 4% in FY 10-11 and 44% in FY 11-12.

As the stalemate in Andhra Pradesh refused to get resolved, risk appetite of funders waned. Hence, while larger, more established MFIs could still secure and maintain adequate levels of debt, smaller MFIs had trouble securing fresh lending.

Distribution of borrowings| AP and Non-AP MFIs

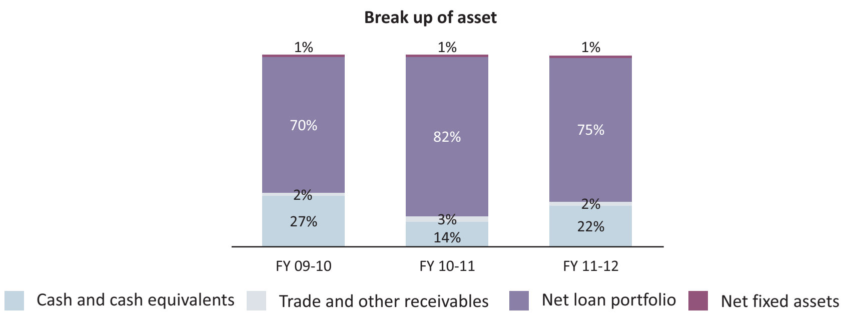


Distribution of borrowings |Size wise Non-AP MFIs



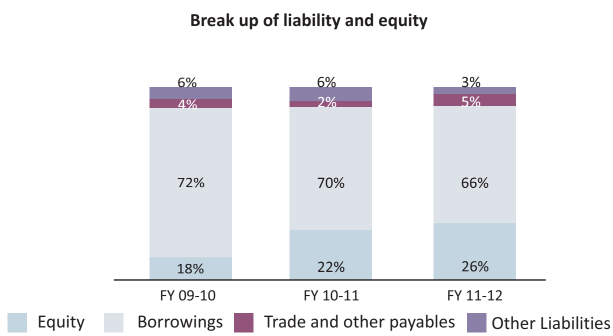
7.1 Assets

The following graph provides the composition of assets across four categories. It may be noted that fixed assets and trade receivables formed a marginal percentage of the aggregate asset base for the microfinance industry.



7.2 Liability and equity

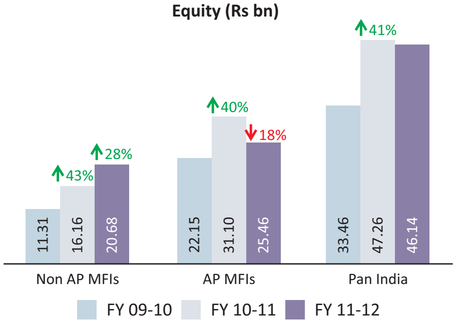
On a weighted average basis, there has been a steady decline in outstanding borrowings for the sector, largely owing to the near freeze in new funding to AP based MFIs, as seen in the previous section on funding. The proportion of equity, on the other hand, has increased.



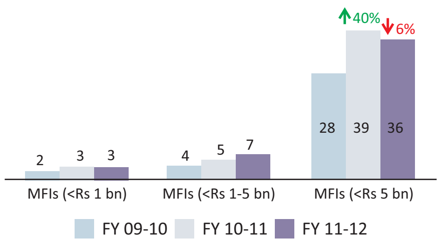
On an absolute basis, the total equity held by the industry declined slightly in FY 11-12. This marginal dip could be attributed to the capital erosion suffered by AP based large MFIs with GLP more than Rs 5 bn.

It is also noteworthy that MFIs with GLP more than Rs 5 bn hold a disproportionate chunk of the aggregate equity held by the sector (~80%). However, the aggregate equity held by MFIs with portfolio size less than Rs 5 bn has increased, on an absolute basis, in the past two fiscal years.

Equity (Rs bn)



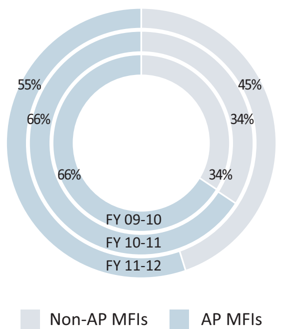
Equity (Rs bn)|Size of MFIs



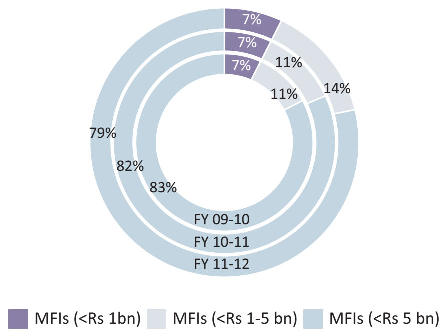
Equity of non-AP based MFIs increased in the past three years, albeit not as much as in previous years. As of March 31st, 2012, the Year-on-Year growth of equity for non AP MFIs was 28%. The comparable growth, in previous fiscal (FY 10-11 over FY 09-10) was 43%.

AP based MFIs witnessed similar growth in equity (40%) for FY 10-11 which was followed by an abrupt decline in FY 11-12 to -18%. Provisioning and write-offs for the AP portfolio were the primary reasons for the erosion in equity base of AP MFIs. In FY 11-12 the share of equity of AP MFIs reduced to 55% from 66%, further highlighting the growing share of non-AP based MFIs in the industry.

Distribution of equity | AP and Non-AP MFIs



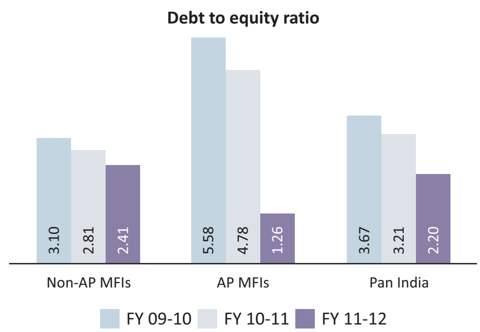
Distribution of equity | Size of MFIs

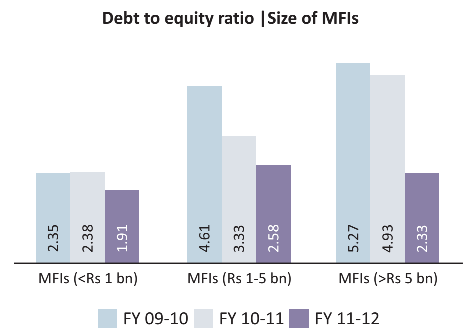


7.3 Debt equity ratio

As may be observed from the previous sections, MFIs with smaller portfolios have lower levels of leverage. Also the overall leverage of MFIs has dipped on a pan India basis.

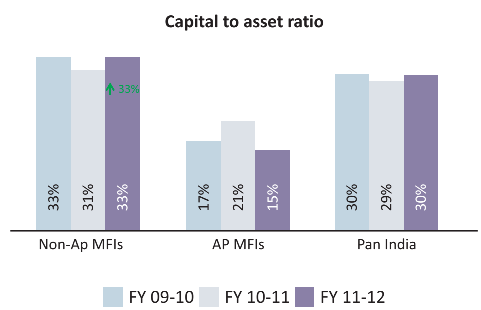
It is noteworthy that MFI with Rs 1-5 bn portfolio enjoyed the highest debt equity ratio. MFIs with more than 5 bn portfolio have lost the advantage that they enjoyed in FY 09-10. The dip in the ratio indicates lull in fundung that AP based MFIs witnessed during last two financial years.

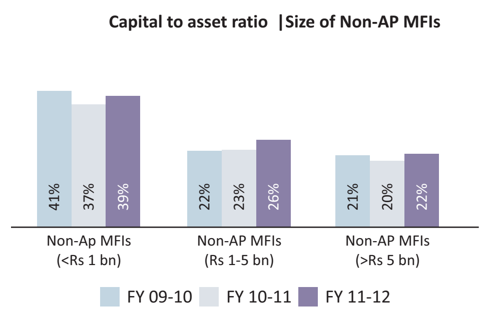




7.4 Capital to total asset ratio

The capital asset ratio has remained constant for the industry over the last three years. This is despite the fact that AP based MFIs having experienced a decline in capital asset ratio due to significant capital erosion in FY 11-12.



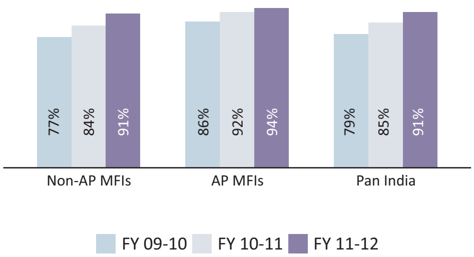


7.5 GLP to total assets ratio

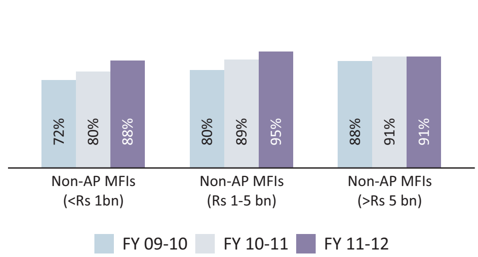
GLP to total assets has increased consistently in the past three years, even after excluding AP based MFIs, indicating a steady increase in efficiency of MFIs.

For AP based MFIs, this ratio suffers from biases, as a significant number of branches and employees were closed in AP in FY 11-12, even though the portfolio remained on their balance sheets.

GPL to total assets



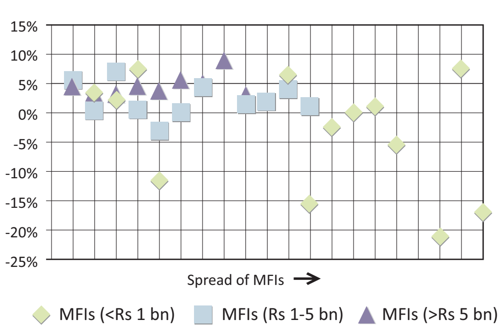
GLP to total assets |Size of Non-AP MFIs



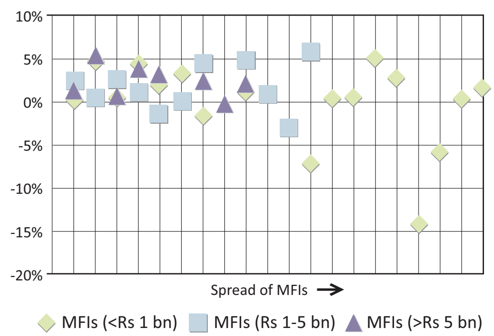
7.6 Return on assets (ROA)

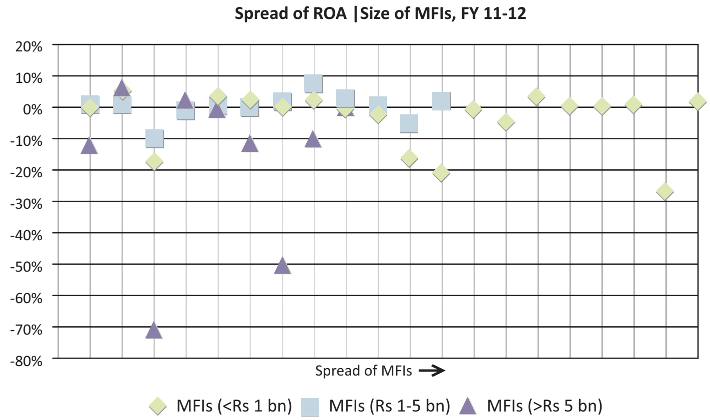
The return on assets for the industry varies so much that only a few broad conclusions can be made. The graphs below indicate the ROA across the industry for past three years. We can conclude that MFIs with GLP in excess of Rs 5 bn enjoyed higher levels of ROA in FY 09-10, which declined to negative in FY 11-12, as did the ROA for MFIs with portfolio size less than Rs 1 bn.

Spread of ROA |Size of MFIs, FY 09-10



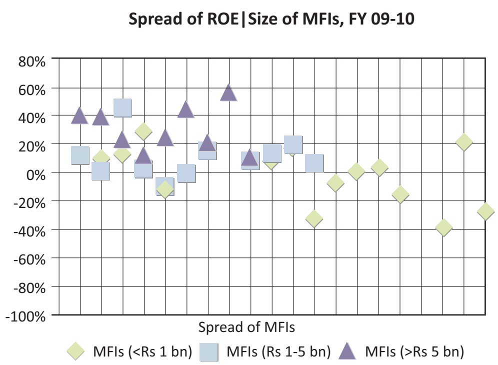
Spread of ROA |Size of MFIs, FY 10-11

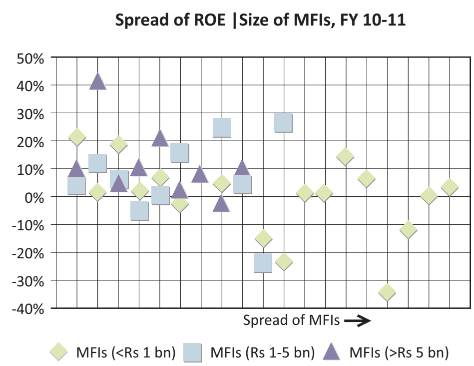


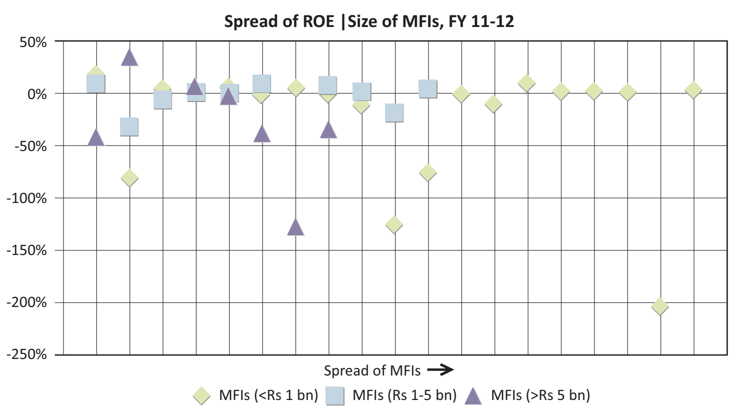


7.7 Return on equity (ROE)

Return on equity follows a similar pattern as that of ROA. Here too the variation is wide across the industry.





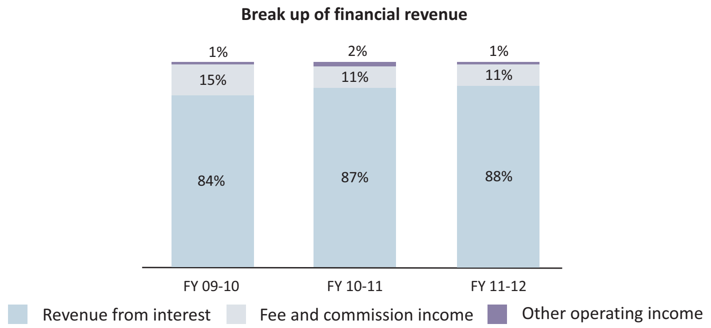


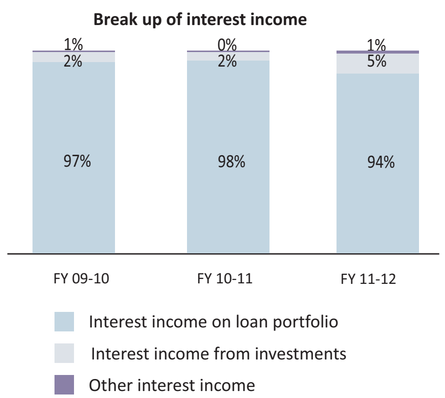
8 INCOME STATEMENT ANALYSIS

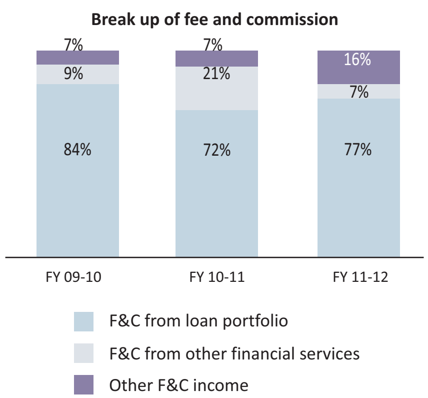
CONTENTS

8.1 Break-up of income

Interest and fees are the major components of an MFI's income. With the new RBI directives imposing stringent caps on fees that an MFI can charge its clients, contribution of interest income has been increasing in the past three years.

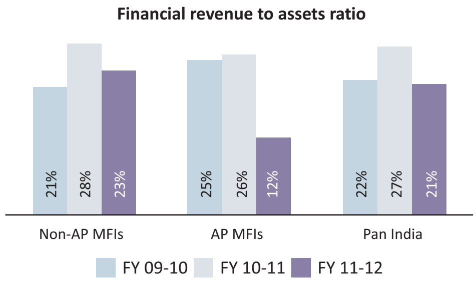


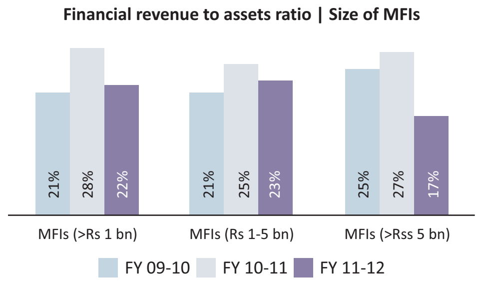




8.2 Financial revenue to assets ratio

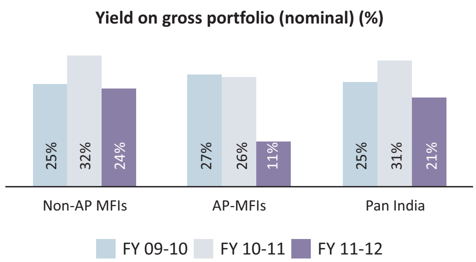
Financial Revenue to assets ratio for the microfinance industry has remained above 20% for the past three years, except for MFIs with GLP in excess of Rs 5 bn that registered a steep decline to 17% in FY 11-12. However, the AP based MFIs, which constitute a majority of the largest MFIs, have contributed disproportionately to this decline. The Financial revenue to assets ratio for AP based MFIs declined to 12% in FY 11-12. On a pan-India basis, the ratio declined in FY 10-11 for both AP and non-AP based MFIs, as a result of declining revenues across the industry.

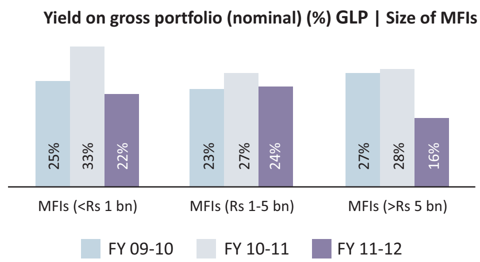




8.3 Yield on gross portfolio

On a pan-India basis, the yield on gross portfolio has also remained above 20% in the past three years, wherein it peaked during FY 10-11 to around 31%, only to decline to 21% in FY 11-12. Again AP based MFIs skewed the average ratio to a low of 16% for MFIs with more than Rs 5 bn portfolio in FY 11-12 which otherwise was around 24% for MFIs with Rs 1-5 bn portfolio

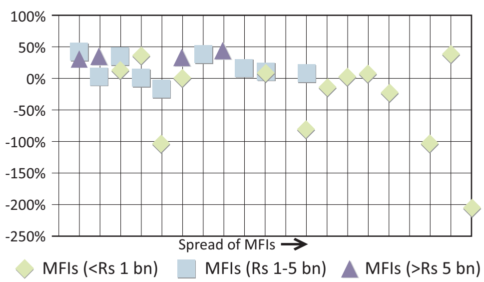




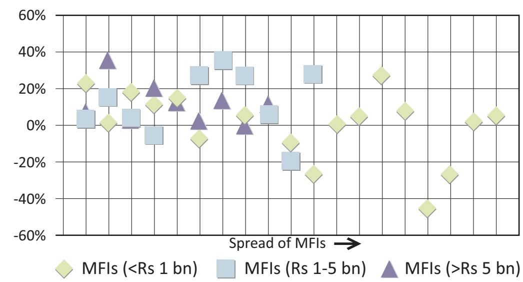
8.4 Profit margin

The profit margin for MFIs varies to a large extent. The graphs below indicate that the industry, for the most part, experienced healthy profit margins in FY 09-10, barring small MFIs with GLP less than Rs 1 Bn. MFIs across the industry, irrespective of size, started to experience reduced profit margins in FY 10-11, which further worsened in FY 11-12. In FY 11-12, some MFIs recorded a negative profit margin ratio as low as -500% to -900% (These MFIs are not represented in the graph).

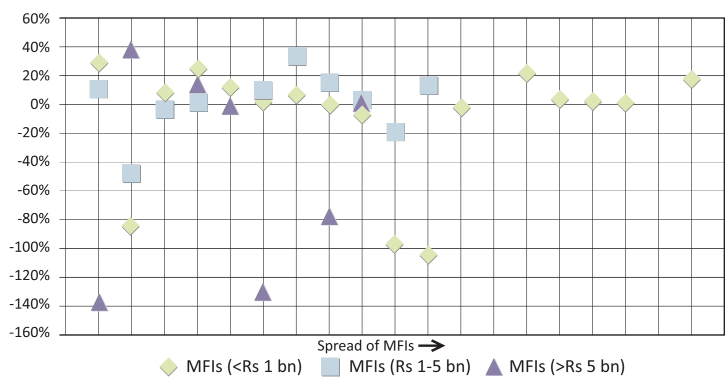
Spread of profit margin | MFIs, FY 09-10



Spread of profit margin | MFIs, FY 10-11



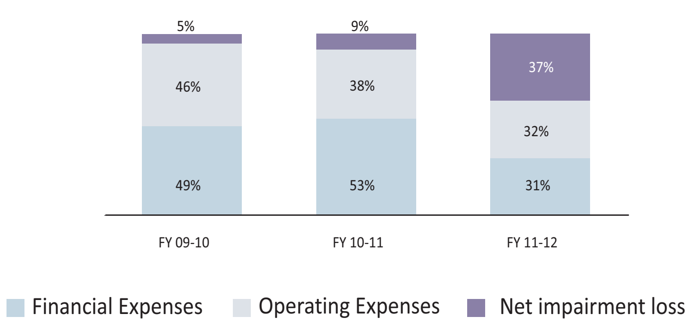
Spread of profit margin | MFIs, FY 2011-12

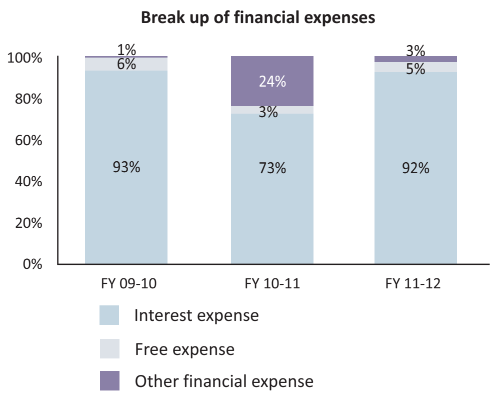


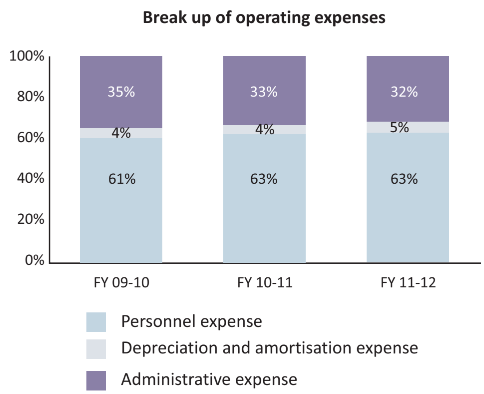
8.5 Break up of expenses

As a result of the steady decline in borrowings by the sector and simultaneously increasing loan losses, the financial expenses as a percentage of total expenses for the industry on average, reduced to 31% in FY 11-12 as against 53% in FY 10-11.

Break up of expenses



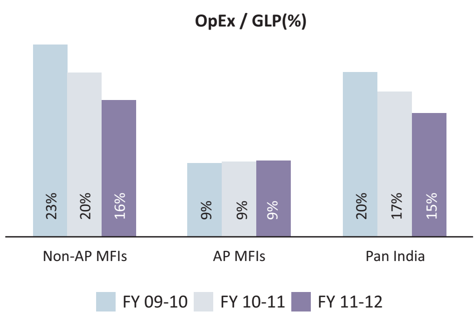


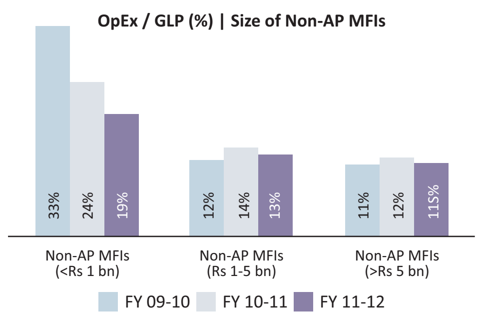


It is also important to note that more than 60% of the operating expenses for NBFC MFIs in the past three years were for personnel.

8.6 Operating expense ratio

The operating expense to loan portfolio ratio improves for MFIs with larger portfolios due to economies of scale. For non AP-MFIs with portfolio size greater than Rs 1 bn, the ratio remained, on average, between 11%-14% in FY 11-12. On other hand, MFIs with portfolio size less than Rs 1 bn witnessed higher operating expense ratio at around 19%, which again suggests that small MFIs find it difficult to reach economies of scale.





LIST OF REPORTING MFIs

Sl No	Total MFIs	AP MFIs*	Non-AP MFIs	MFIs (Avg GLP < Rs 1 bn)	MFIs (Avg GLP Rs 1-5 bn)	MFIs (Avg GLP > Rs 5 bn)
1	Anjali	Asmitha	Anjali	Anjali	ASA India	Asmitha
2	Arman	BSFL	Arman	Arman	ESAF	Bandhan
3	Arohan	FFSL	Arohan	Arohan	FFSL	BSFL
4	ASA India	L&T Finance	ASA India	Asirvad	GFSPL	Equitas
5	Asirvad	Share	Asirvad	Chaitanya	Janalakshmi	Grama Vidiyal
6	Asmitha	SKS	Bandhan	Disha	L&T Finance	Share
7	Bandhan	Spandana	Chaitanya	Fusion	Madura	SKS
8	BSFL	SWAWS	Disha	Intellcash	Muthoot	Spandana
9	Chaitanya	Trident	Equitas	Kaveri Credit	Smile	Ujjivan
10	Disha		ESAF	Mimoza	Satin Credit	
11	Equitas		Fusion	Sahayata	Trident	
12	ESAF		GFSPL	Saija	VFS	
13	Fusion		Grama Vidiyal	Samasta		
14	FFSL		Intellcash	Sarvodaya Nano		
15	Grama Vidiyal		Janalakshmi	Sonata		
16	GFSPL		Kaveri Credit	Suryoday		
17	Intellecash		Mimoza	Satin Credit		
18	Janalakshmi		Madura	Swadhaar		
19	Kaveri Credit		Muthoot	SWAWS		
20	L&T Finance		Sahayata	Utkarsh		
21	Madura		Saija			
22	Mimoza		Samasta			
23	Muthoot		Sarvodaya Nano			
24	Smile		Satin Credit			
25	Sahayta		Smile			
26	Saija		Sonata			
27	Samastha					

* MFIs with more than 20% portfolio in AP are considered AP MFIs. These MFIs were severely affected by AP crisis

Sl No	Total MFIs	AP MFIs*	Non-AP MFIs	MFIs (Avg GLP < Rs 1 bn)	MFIs (Avg GLP Rs 1-5 bn)	MFIs (Avg GLP > Rs 5 bn)
28	Sarvodaya Nano		Suryoday			
29	Satin Credit		SVCL			
30	Share		Swadhaar			
31	SKS		Ujjivan			
32	Sonata		Utkarsh			
33	Spandana		VFS			
34	Suryoday					
35	SVCL					
36	Swadhaar					
37	SWAWS					
38	Trident					
39	Ujjivan					
40	Utkarsh					
41	VFS					

DEFINITIONS

TERM	DEFINITIONS
Total Assets	Includes all Assets as provided by audited financials
Offices	Number of offices and branches, including head office
Employee	Total number of staff members
Capital to asset ratio	Total Equity /Total Assets
Debt to equity	Total Liabilities/Total Equity
Portfolio to assets	Gross Loan Portfolio/Total Assets
Clients	Number of clients with loans outstanding as on date
Percent of women clients	Number of women clients/Number of clients
Number of loans outstanding	Number of loans outstanding as on date
Gross loan portfolio	Gross Loan Portfolio as on date, includes Net loan portfolio and Managed Portfolio
Average loan outstanding per client	Gross Loan Portfolio/Number of Active clients
Average outstanding balance	Gross Loan Portfolio/Number of Loans Outstanding
Return on assets	(Net Operating Income - Taxes)/Average Total Assets
Return on equity	(Net Operating Income - Taxes)/Average Total Equity
Operational self sufficiency	Financial Revenue/(Financial Expense + Impairment Losses on Loans + Operating Expense)
Financial Revenue/Assets	Financial Revenue/Average Total Assets
Profit margin	Net Operating Income/Financial Revenue
Yield on gross portfolio (nominal)	Financial Revenue from Loan Portfolio/Average Gross Loan Portfolio
Total Expense/Assets	(Financial Expense + Net Impairment Loss + Operating Expense)/Average Total Assets
Financial Expense/Assets	Financial Expense/Average Total Assets
Provision for Loan Impairment/Assets	Impairment Losses on Loans/Average Total Assets
Operating Expense/Assets	Operating Expense/Average Total Assets
Personnel Expense/Assets	Personnel Expense/Average Total Assets
Administrative Expense/Assets	Administrative Expense/Average Total Assets
Adjustment Expense/Assets	(Un Net Operating Income-Net Operating Income)/Average Total Assets
Operating Expense/ Loan Portfolio	Operating Expense/Average Gross Loan Portfolio
Personnel Expense/ Loan Portfolio	Personnel Expense/Average Gross Loan Portfolio
Cost per client	Operating Expense/Average Number of Active clients
Cost per loan	Operating Expense/Average Number of Loans
Clients per employee	Number of Active Borrowers/Number of employees
Loans per employee	Number of Loans Outstanding/Number of employees
Clients per loan officer	Number of Active Borrowers/Number of Loan Officers
Loans per loan officer	Number of Loans Outstanding/Number of Loan Officers

TERM	DEFINITIONS
Portfolio at Risk > 30 Days	Outstanding balance, portfolio overdue > 30 Days + renegotiated portfolio/Gross Loan Portfolio
Portfolio at Risk > 90 Days	Outstanding balance, portfolio overdue > 90 Days + renegotiated portfolio/Gross Loan Portfolio
Write-off Ratio	Value of loans written-off/Average Gross Loan Portfolio
Loan Loss Rate	(Write-offs - Value of Loans Recovered)/Average Gross Loan Portfolio

PEER ANALYSIS

CAPITAL/ASSET RATIO	FY 09-10	FY 10-11	FY 11-12
AP MFIs	17%	21%	15%
Non-AP MFIs	33%	31%	33%
Non-AP MFIs (< Rs 1 bn)	41%	37%	39%
Non-AP MFIs (Rs 1-5 bn)	22%	23%	26%
Non-AP MFIs (> Rs 5 bn)	21%	20%	22%
MFIs (< Rs 1 bn)	40%	36%	37%
MFIs (Rs 1-5 bn)	21%	23%	29%
MFIs (> Rs 5 bn)	18%	20%	14%
Pan India	**30%**	**29%**	**30%**
DEBT TO EQUITY RATIO	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	5.58	4.78	1.26
Non-AP MFIs	3.10	2.81	2.41
Non-AP MFIs (< Rs 1 bn)	2.37	2.34	1.91
Non-AP MFIs (Rs 1-5 bn)	4.22	3.06	2.87
Non-AP MFIs (> Rs 5 bn)	3.98	4.55	3.77
MFIs (< Rs 1 bn)	2.35	2.38	1.91
MFIs (Rs 1-5 bn)	4.61	3.33	2.58
MFIs (> Rs 5 bn)	5.27	4.93	2.33
Pan India	**3.67**	**3.21**	**2.20**
GROSS LOAN PORTFOLIO TO TOTAL ASSETS	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	86%	92%	94%
Non-AP MFIs	77%	84%	91%
Non-AP MFIs (< Rs 1 bn)	72%	80%	88%
Non-AP MFIs (Rs 1-5 bn)	80%	89%	95%
Non-AP MFIs (> Rs 5 bn)	88%	91%	91%
MFIs (< Rs 1 bn)	74%	80%	88%
MFIs (Rs 1-5 bn)	80%	90%	95%
MFIs (> Rs 5 bn)	87%	92%	94%
Pan India	**79%**	**85%**	**91%**
AVERAGE LOAN BALANCE PER CLIENTS	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	8,143	7,591	7,286
Non-AP MFIs	7,221	6,615	7,572
Non-AP MFIs (< Rs 1 bn)	7,372	6,396	7,170
Non-AP MFIs (Rs 1-5 bn)	7,048	7,046	8,307
Non-AP MFIs (> Rs 5 bn)	6,922	6,687	7,830
MFIs (< Rs 1 bn)	7,366	6,418	7,166
MFIs (Rs 1-5 bn)	7,323	7,060	7,972
MFIs (> Rs 5 bn)	7,726	7,435	7,657
Pan India	**7,439**	**6,829**	**7,509**

OPERATIONAL SELF SUFFICIENCY	FY 09-10	FY 10-11	FY 11-12
AP MFIs	150%	105%	40%
Non-AP MFIs	103%	114%	106%
Non-AP MFIs (< Rs 1 bn)	85%	107%	99%
Non-AP MFIs (Rs 1-5 bn)	122%	122%	113%
Non-AP MFIs (> Rs 5 bn)	136%	128%	120%
MFIs (< Rs 1 bn)	89%	106%	94%
MFIs (Rs 1-5 bn)	126%	118%	107%
MFIs (> Rs 5 bn)	144%	116%	74%
Pan India	**113%**	**112%**	**93%**
FINANCIAL REVENUE/ASSETS	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	25%	26%	12%
Non-AP MFIs	21%	28%	23%
Non-AP MFIs (< Rs 1 bn)	20%	28%	23%
Non-AP MFIs (Rs 1-5 bn)	20%	26%	24%
Non-AP MFIs (> Rs 5 bn)	24%	28%	24%
MFIs (< Rs 1 bn)	21%	28%	22%
MFIs (Rs 1-5 bn)	21%	25%	23%
MFIs (> Rs 5 bn)	25%	27%	17%
Pan India	**22%**	**27%**	**21%**
YIELD ON GROSS PORTFOLIO (NOMINAL)	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	27%	26%	11%
Non-AP MFIs	25%	32%	24%
Non-AP MFIs (< Rs 1 bn)	25%	34%	24%
Non-AP MFIs (Rs 1-5 bn)	23%	28%	24%
Non-AP MFIs (> Rs 5 bn)	27%	29%	24%
MFIs (< Rs 1 bn)	25%	33%	22%
MFIs (Rs 1-5 bn)	23%	27%	24%
MFIs (> Rs 5 bn)	27%	28%	16%
Pan India	**25%**	**31%**	**21%**
TOTAL EXPENSE/ ASSETS	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	17%	25%	34%
Non-AP MFIs	23%	26%	23%
Non-AP MFIs (< Rs 1 bn)	27%	28%	25%
Non-AP MFIs (Rs 1-5 bn)	18%	22%	21%
Non-AP MFIs (> Rs 5 bn)	18%	23%	20%
MFIs (< Rs 1 bn)	27%	28%	25%
MFIs (Rs 1-5 bn)	17%	23%	22%
MFIs (> Rs 5 bn)	17%	24%	31%
Pan India	**22%**	**26%**	**25%**

FINANCIAL EXPENSE/ ASSETS	FY 09-10	FY 10-11	FY 11-12
AP MFIs	9%	13%	10%
Non-AP MFIs	7%	10%	8%
Non-AP MFIs (< Rs 1 bn)	6%	9%	8%
Non-AP MFIs (Rs 1-5 bn)	8%	10%	9%
Non-AP MFIs (> Rs 5 bn)	8%	11%	10%
MFIs (< Rs 1 bn)	6%	9%	8%
MFIs (Rs 1-5 bn)	8%	10%	9%
MFIs (> Rs 5 bn)	8%	13%	10%
Pan India	**7%**	**10%**	**9%**
OPERATING EXPENSE/ ASSETS	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	7%	8%	8%
Non-AP MFIs	16%	15%	14%
Non-AP MFIs (< Rs 1 bn)	21%	18%	15%
Non-AP MFIs (Rs 1-5 bn)	9%	11%	11%
Non-AP MFIs (> Rs 5 bn)	10%	11%	10%
MFIs (< Rs 1 bn)	20%	18%	15%
MFIs (Rs 1-5 bn)	9%	10%	10%
MFIs (> Rs 5 bn)	9%	10%	10%
Pan India	**14%**	**14%**	**13%**
PERSONNEL EXPENSE/ ASSETS	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	4%	5%	5%
Non-AP MFIs	9%	9%	8%
Non-AP MFIs (< Rs 1 bn)	12%	11%	9%
Non-AP MFIs (Rs 1-5 bn)	5%	7%	7%
Non-AP MFIs (> Rs 5 bn)	6%	7%	7%
MFIs (< Rs 1 bn)	12%	11%	9%
MFIs (Rs 1-5 bn)	4%	6%	6%
MFIs (> Rs 5 bn)	5%	6%	6%
Pan India	**8%**	**8%**	**8%**
ADMINISTRATIVE EXPENSE/ASSETS	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	3%	3%	3%
Non-AP MFIs	7%	6%	5%
Non-AP MFIs (< Rs 1 bn)	9%	7%	6%
Non-AP MFIs (Rs 1-5 bn)	4%	5%	4%
Non-AP MFIs (> Rs 5 bn)	4%	4%	4%
MFIs (< Rs 1 bn)	8%	7%	6%
MFIs (Rs 1-5 bn)	4%	4%	4%
MFIs (> Rs 5 bn)	3%	4%	4%
Pan India	**6%**	**5%**	**5%**

OPERATING EXPENSE/LOAN PORTFOLIO	FY 09-10	FY 10-11	FY 11-12
AP MFIs	9%	9%	9%
Non-AP MFIs	23%	20%	16%
Non-AP MFIs (< Rs 1 bn)	33%	24%	19%
Non-AP MFIs (Rs 1-5 bn)	12%	14%	13%
Non-AP MFIs (> Rs 5 bn)	11%	12%	11%
MFIs (< Rs 1 bn)	31%	23%	18%
MFIs (Rs 1-5 bn)	11%	12%	12%
MFIs (> Rs 5 bn)	10%	10%	11%
Pan India	**20%**	**17%**	**15%**
PERSONNEL EXPENSE/LOAN PORTFOLIO	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	5%	5%	6%
Non-AP MFIs	13%	12%	10%
Non-AP MFIs (< Rs 1 bn)	19%	15%	11%
Non-AP MFIs (Rs 1-5 bn)	6%	8%	8%
Non-AP MFIs (> Rs 5 bn)	7%	8%	7%
MFIs (< Rs 1 bn)	18%	15%	11%
MFIs (Rs 1-5 bn)	6%	7%	7%
MFIs (> Rs 5 bn)	6%	6%	7%
Pan India	**11%**	**11%**	**9%**
COST PER LOAN (RS)	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	578	639	607
Non-AP MFIs	1,496	1,208	1,108
Non-AP MFIs (< Rs 1 bn)	2,404	1,491	1,294
Non-AP MFIs (Rs 1-5 bn)	791	921	891
Non-AP MFIs (> Rs 5 bn)	636	722	716
MFIs (< Rs 1 bn)	2,232	1,491	1,260
MFIs (Rs 1-5 bn)	729	846	817
MFIs (> Rs 5 bn)	632	697	683
Pan India	**1,251**	**1,091**	**1,008**
CLIENTS PER BRANCH	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	4,114	3,818	2,778
Non-AP MFIs	1,876	1,888	1,871
Non-AP MFIs (< Rs 1 bn)	1,355	1,658	1,503
Non-AP MFIs (Rs 1-5 bn)	2,334	1,920	2,141
Non-AP MFIs (> Rs 5 bn)	3,306	2,906	3,014
MFIs (< Rs 1 bn)	1,365	1,650	1,488
MFIs (Rs 1-5 bn)	3,158	2,839	2,635
MFIs (> Rs 5 bn)	3,579	3,054	2,613
Pan India	**2,392**	**2,312**	**2,070**

GLP PER BRANCH	FY 09-10	FY 10-11	FY 11-12
AP MFIs	31,748,090	27,977,391	18,101,908
Non-AP MFIs	13,217,107	12,427,506	15,227,629
Non-AP MFIs (< Rs 1 bn)	9,343,326	10,430,250	11,672,028
Non-AP MFIs (Rs 1-5 bn)	17,015,558	13,748,319	19,433,843
Non-AP MFIs (> Rs 5 bn)	23,052,221	18,942,645	22,652,756
MFIs (< Rs 1 bn)	9,445,215	10,420,218	11,516,088
MFIs (Rs 1-5 bn)	23,534,258	19,532,549	20,590,730
MFIs (> Rs 5 bn)	26,744,437	22,621,433	19,338,152
Pan India	**59,723,910**	**52,574,199**	**51,444,970**
CLIENTS PER EMPLOYEE	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	520	536	518
Non-AP MFIs	242	228	248
Non-AP MFIs (< Rs 1 bn)	220	201	222
Non-AP MFIs (Rs 1-5 bn)	233	237	251
Non-AP MFIs (> Rs 5 bn)	358	341	365
MFIs (< Rs 1 bn)	228	208	233
MFIs (Rs 1-5 bn)	414	411	365
MFIs (> Rs 5 bn)	346	346	391
Pan India	**306**	**296**	**307**
GLP PER EMPLOYEE	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	4,137,198	3,845,451	3,685,797
Non-AP MFIs	1,614,449	1,472,405	1,917,900
Non-AP MFIs (< Rs 1 bn)	1,410,557	1,230,246	1,624,131
Non-AP MFIs (Rs 1-5 bn)	1,640,658	1,632,212	2,152,591
Non-AP MFIs (> Rs 5 bn)	2,479,549	2,263,092	2,785,243
MFIs (< Rs 1 bn)	1,478,002	1,284,980	1,703,509
MFIs (Rs 1-5 bn)	3,082,087	2,762,079	2,640,721
MFIs (> Rs 5 bn)	2,676,536	2,564,354	3,142,684
Pan India	**2,196,622**	**1,993,317**	**2,305,975**
PORTFOLIO AT RISK >30 DAYS	**FY 09-10**	**FY 10-11**	**FY 11-12**
AP MFIs	0.45%	43.65%	62.07%
Non-AP MFIs	1.02%	1.54%	3.31%
Non-AP MFIs (< Rs 1 bn)	1.28%	1.92%	4.78%
Non-AP MFIs (Rs 1-5 bn)	1.03%	1.31%	1.54%
Non-AP MFIs (> Rs 5 bn)	0.18%	0.61%	0.62%
MFIs (< Rs 1 bn)	1.22%	1.80%	9.63%
MFIs (Rs 1-5 bn)	0.76%	14.59%	15.90%
MFIs (> Rs 5 bn)	0.45%	23.55%	28.15%
Pan India	**0.87%**	**10.90%**	**15.36%**

PORTFOLIO AT RISK >90 DAYS	FY 09-10	FY 10-11	FY 11-12
AP MFIs	0.25%	32.87%	58.09%
Non-AP MFIs	0.72%	1.03%	2.94%
Non-AP MFIs (< Rs 1 bn)	0.90%	1.42%	4.33%
Non-AP MFIs (Rs 1-5 bn)	0.72%	0.71%	1.23%
Non-AP MFIs (> Rs 5 bn)	0.11%	0.31%	0.56%
MFIs (< Rs 1 bn)	0.86%	1.33%	8.98%
MFIs (Rs 1-5 bn)	0.53%	8.70%	13.83%
MFIs (> Rs 5 bn)	0.27%	20.77%	27.41%
Pan India	**0.59%**	**8.11%**	**14.25%**
WRITE-OFF RATIO (%) | AP AND NON-AP MFIS	**FY 09-10**	**FY 10-11**	**FY 11-12**
Non-AP MFIs	0.38%	0.84%	0.99%
AP MFIs	0.49%	4.08%	15.25%
Non-AP MFIs (< Rs 1 bn)	0.50%	0.84%	1.10%
Non-AP MFIs (Rs 1-5 bn)	0.30%	0.81%	1.08%
Non-AP MFIs (> Rs 5 bn)	0.13%	0.90%	0.31%
MFIs (< Rs 1 bn)	0.46%	0.79%	1.05%
MFIs (Rs 1-5 bn)	0.34%	1.20%	4.83%
MFIs (> Rs 5 bn)	0.40%	3.69%	10.02%
Pan India	**0.41%**	**1.61%**	**4.20%**

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