

the

MicroScape

FY 13-14

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# ACKNOWLEDGEMENTS

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We are thankful to our members for their unflinching support and cooperation in providing us very detailed and rich data set in a timely manner.

We would also like to especially acknowledge the support provided by our colleagues at MIX Market for their support in collection and collation of data

# ABBREVIATIONS

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<b>AP</b>	Andhra Pradesh
<b>bn</b>	billion
<b>BoP</b>	Bottom of the Pyramid
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CoC</b>	Code of Conduct
<b>Cr</b>	Crore
<b>DFI</b>	Development Finance Institution
<b>EC</b>	Enforcement Committee
<b>FPC</b>	Fair Practices Code
<b>FY</b>	Financial Year
<b>GLP</b>	Gross Loan Portfolio
<b>IFC</b>	International Finance Corporation
<b>IFRS</b>	International Financial Reporting Standards
<b>KA</b>	Karnataka
<b>MFIs</b>	Microfinance Institutions
<b>MFIN</b>	Microfinance Institutions Network
<b>MH</b>	Maharashtra
<b>mn</b>	million
<b>MP</b>	Madhya Pradesh
<b>NBFC</b>	Non-Banking Finance Companies
<b>NE</b>	North East
<b>OpEx</b>	Operating Expenses
<b>OSS</b>	Operational Self Sufficiency
<b>PAR</b>	Portfolio at Risk
<b>RBI</b>	Reserve Bank of India
<b>ROA</b>	Return on Assets
<b>ROE</b>	Return on Equity
<b>Rs</b>	Indian Rupee
<b>SHG</b>	Self Help Group
<b>SIDBI</b>	Small Industries Development Bank of India
<b>TN</b>	Tamil Nadu
<b>UP</b>	Uttar Pradesh
<b>WB</b>	West Bengal

# INTRODUCTION

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## a. MFIN

Micro Finance Institutions Network (MFIN) is an association of Non-Bank Finance Company Micro Finance Institutions (NBFC-MFIs). Currently the association has 50 members, diverse in size and geographic spread, representing over 90% of the microfinance industry in India (excluding SHGs). MFIN seeks to work closely with regulators and other key stakeholders to achieve larger financials inclusion 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 was established in October 2009 as the primary representative body of the NBFCs engaged in the business of microfinance. Since its establishment, MFIN has spearheaded a range of initiatives that help meet the diverse and challenging needs of a rapidly evolving industry. It has been at the forefront of transformative work for the microfinance industry in area of policy advocacy and market development (business conduct, infrastructure, information/analysis, and best practices among others).

Knowledge and information based on relevant, accurate and timely data are edifice of MFIN's work in three core areas of Self-regulation, Advocacy and Development. And over the years, MFIN has taken a series of steps to contribute to enhanced body of information to guide market practices and support policy discourse. The **MicroScape**, our annual publication, is one critical product to support our efforts to bring greater transparency and accountability to the industry.

## b. MicroScape

This is the third edition of the MicroScape, our annual publication that offers a comprehensive operational and financial data on the microfinance industry in a given financial year. Analysis presented in the MicroScape is based on data and Audited Financial Statements collected from the of MFIN member MFIs (NBFC-MFIs).

This edition of the MicroScape captures the important operational and financial trends in the industry for the fy 13-14 and compares key performance indicators for fy 13-14 with three previous financial years, fy 10-11, fy 11-12 and fy 13-14.

# NOTES

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## a. Data and methodology

- For fy 13-14, data and analysis is based on a cohort of 46 MFIs, for fy 11-12, fy 10-11 it is based on 37 MFIs and FY 09-10 the data set is derived from 36 MFIs. Refer to Annex 1 for complete list MFIs
- Data and ratios used for analysis is taken from Annual Data Collection Tool (ADCT) sent by MFIs and the MIX Market at [www.mixmarket.org](http://www.mixmarket.org)
- Financial analysis is based on the Audited Financial Statements of MFIs for fy 10-11, fy 11-12, fy 12-13 and fy 13-14
- 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 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

## b. Peer grouping

MFIs have been grouped based on their Gross Loan Portfolio (GLP) at the end of fy 13-14 (as of 31st March, 2014). On this basis, there are 16 MFIs with GLP < Rs 100 cr, 18 MFIs with GLP > Rs 100-500 cr and 13 MFIs with GLP > Rs 500 cr. Complete list of MFIs under different peer groups can be seen in the Annex 3

## c. 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
- Data on rural/urban, socio-economic break-up and category of loans for loan accounts and GLP does not include data from Bandhan and SKS
- Funding scenario does not include data from Bandhan, SKS, Arman, Muthoot, and L&T
- Data for L&T Finance has not been included in the financial analysis as their microfinance lending is only 1.5% of their total balance sheet

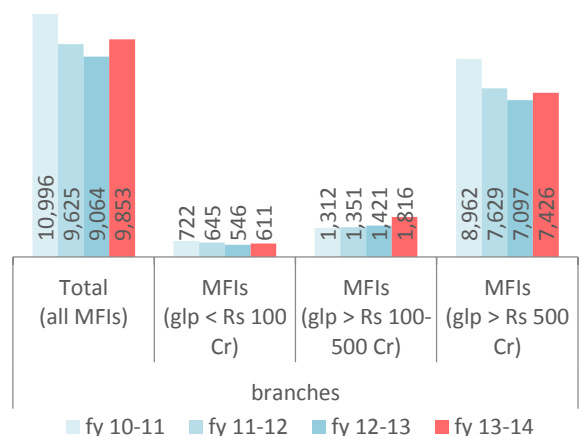
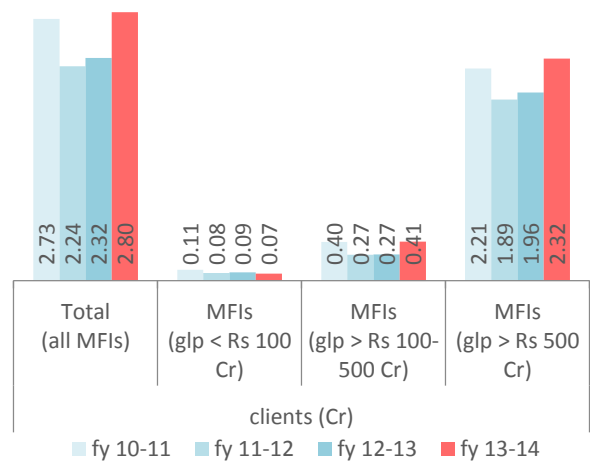
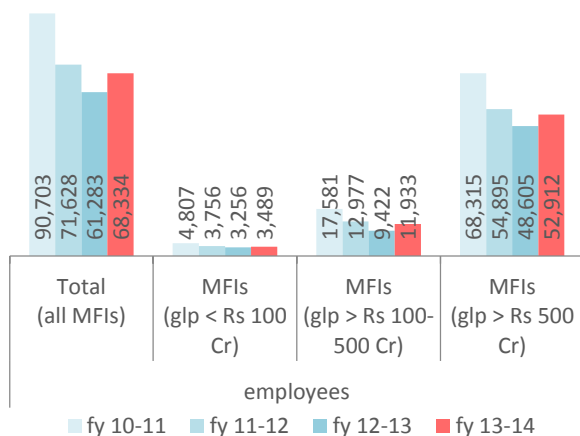
# PERFORMANCE

Post the Andhra Pradesh crisis<sup>1</sup>, regulatory clarity and support provided by the Reserve Bank of India (RBI) along with industry initiatives (development of credit bureau eco-system, transparency, business conduct and self-regulation among others) have considerably supported the microfinance industry in delivering much-needed micro-credit to the clients at low income population segments. And, growth and improvements within the industry, across indicators, clearly demonstrate this.

At the end of last financial year ( fy 13-14, 31<sup>st</sup> March 2014), MFIN members NBFC-MFIs (MFIs) with a network of over 9,000 branches provided credit to over 27 mn clients with GLP of Rs 279.31 bn, a historic high for the industry. On the back on increased funding (up by 49% in fy 13-14 over fy 12-13), the industry Gross Loan Portfolio (GLP) grew by 35% and MFIs (other than those under CDR) grew by 51%. Portfolio quality remains extremely good with PAR levels well under 1%. Unlike pre-crisis period, industry now has rather broad base spread across states and much well spread portfolio in various regions of the country.

## a. Outreach

During last financial year, MFIs from various peer groups (based on glp) registered the positive growth across all outreach indicators to reach at historic high levels for the industry. The clients grew by 21% to reach at 2.7 cr, branches by 9% taking total count to 9,853 and employees 12% taking total strength to 68,334. For the first time since 2010 these is yoy increase in branch network and the employee base, clearly demonstrating that confidence within industry towards the future. It may, however, be noted that number of branches and employee are still down by 10% and 25% from their high levels in fy 10-11 and industry would take another couple of years to come back to pre-crisis infrastructure numbers.



<sup>1</sup> In October 2010, the situation of perceived overleveraging of microfinance clients in Andhra Pradesh lead to a strong policy response from the State government in the form of Andhra Pradesh Microfinance Institutions (Regulation of Moneylending) Ordinance 2010. This led to an acute crisis, within the microfinance industry, at a pan-India level



The employees are one critical asset for the MFIs to ensure that credit can be extended to the clients in a manner that is transparent, efficient and appropriate to the needs of the clients. Of the total employee strength, share of the loan officers, who provide last mile connectivity in the delivery channel, is over 60%. Loan officers are employed amongst the youth in local communities and thereby providing much needed training and employment to youth locally.

However, nurturing and retaining employee at an institutional level has been a challenge for many MFIs. Data collected for fy 13-14<sup>2</sup> shows that only 50% of employees have been with MFIs for over one year, which shows a high retention rate.

While 99% of the MFI clients are women, their share in work force (employee) is rather limited. Based on data collected for fy 13-14<sup>3</sup>, women only account for 12% of total employee base. Employment of women, particularly at a loan officer level is quite challenging. Besides socio-economic and cultural factors in different geographies, nature of job which requires long travels in often remote rural/urban areas, odd working hours and risks of handling cash etc make employing of women rather difficult. However, some of the MFIs have been quite successful in employing higher number of women at different levels as under:



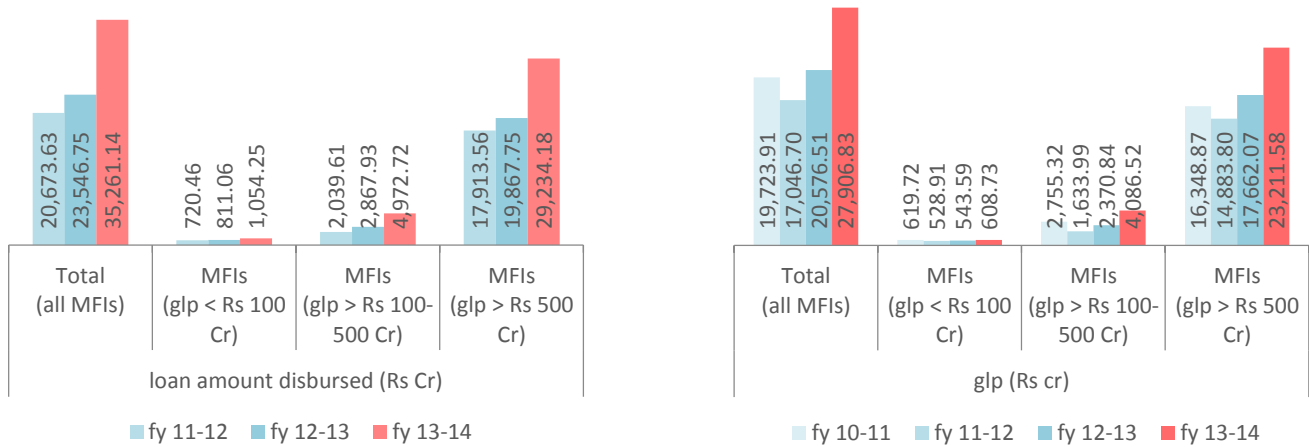
MFIs	% female employee	% female loan officers
Adhikar	34%	39%
Belstar	66%	89%
ESAF	61%	75%
Jagdhan	60%	79%
Madura	69%	100%
Navchetna	86%	56%
Sarvodaya Nano	57%	63%
Swadhaar	23%	34%
Ujjivan	22%	29%
Varam	65%	100%

<sup>2</sup> Numbers presented in graph does not include data from SKS and L & T Finance. Number on employees existing during last fy 13-14 does not include data from Bandhan besides SKS and L & T Finance

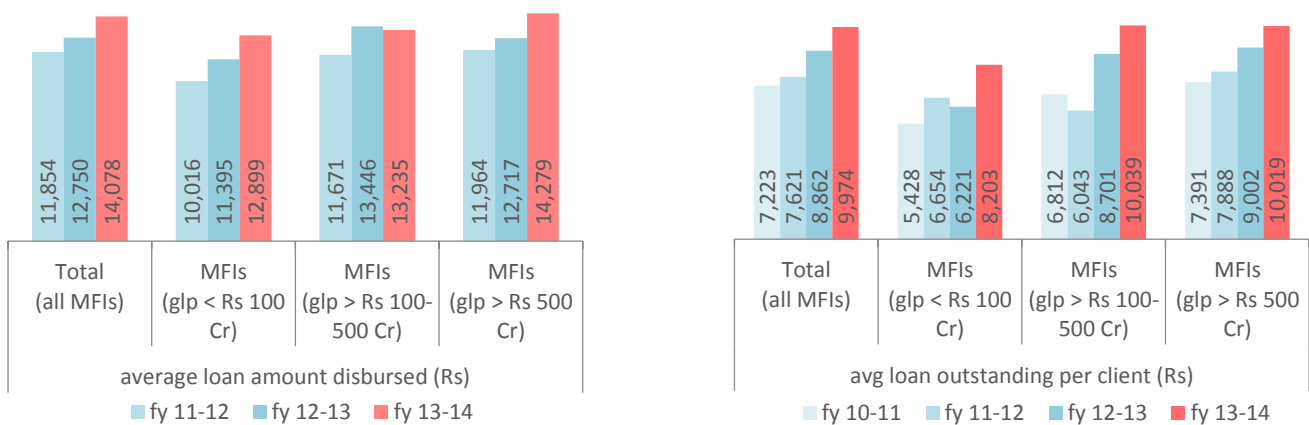
<sup>3</sup> Numbers do not include data from SKS and L & T Finance

## b. Portfolio

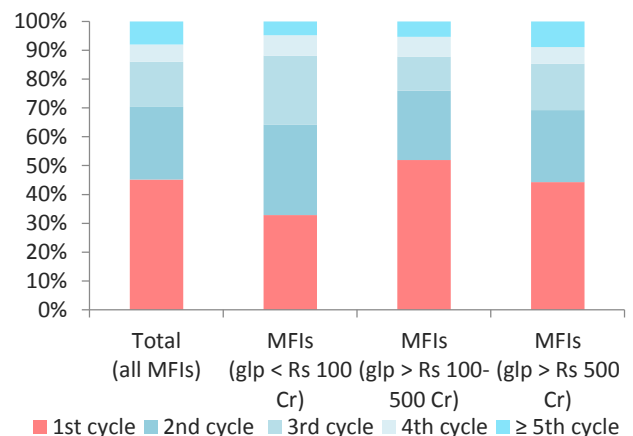
During last year MFIs disbursed over 2.5 cr loans worth Rs 35,261 cr taking GLP of the MFIs at end of fy 13-14 (31<sup>st</sup> March 2014) to Rs 27,906 cr, highest number ever reached by the industry.



MFIs, amongst regulated formal financial institutions, continue to provide smallest size loans and continue to do so last year. Average loan amount disbursed per account and average loan outstanding per client have been steadily increasing at yoy growth of 15% and less.

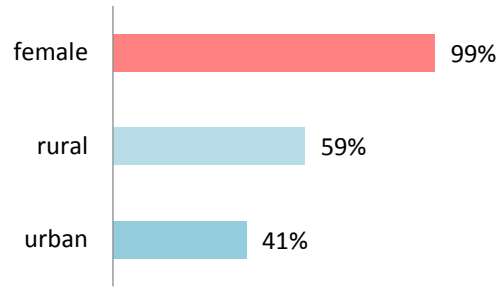


A large number of loans are disbursed to first and second cycle clients. Based on the amount of loan disbursed last financial year<sup>4</sup>, 60% loans are to first and second cycle borrowers.

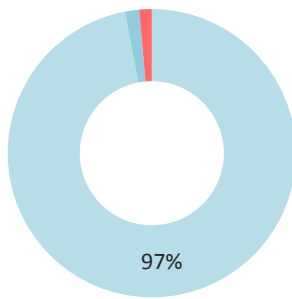


<sup>4</sup> Number presented for loans amount disbursed categorized by loan cycle does not include data from Bandhan, SKS and L & T Finance

Industry continues to focus on women in low-income group with disadvantaged socio-economic background in rural areas. However, more recently, MFIs have increasingly started servicing to clients in urban area to meet huge un-met demand of credit services there. In terms of model, joint liability group (JLG) continues to remain prominent model to deliver the credit services.

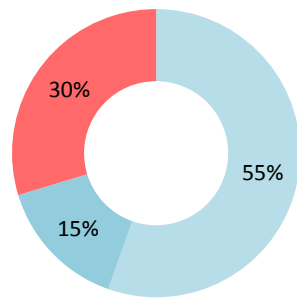


break-up of loans (fy 13-14)



JLG SHG individual

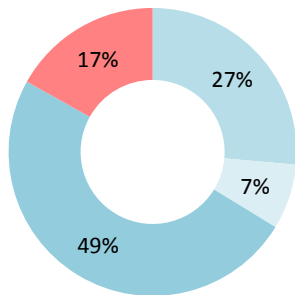
break-up of loans (fy 13-14)



SC/ST/OBC minority others

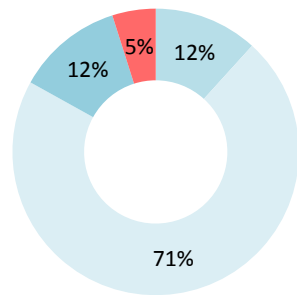
A large majority of loans 95% are given for income generating purpose such as trade, agriculture, livestock and service.

break-up of loans for income generation (fy 13-14)



agriculture/livestock trade/services manufacturing others

break-up of loans for household finance (fy 13-14)



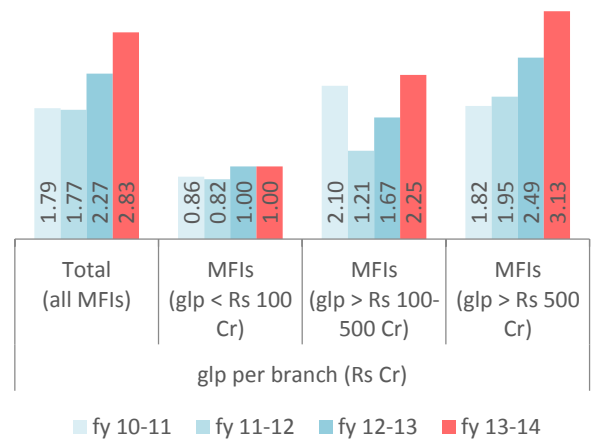
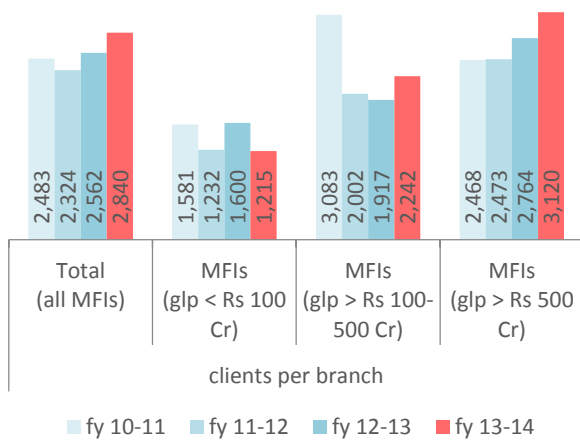
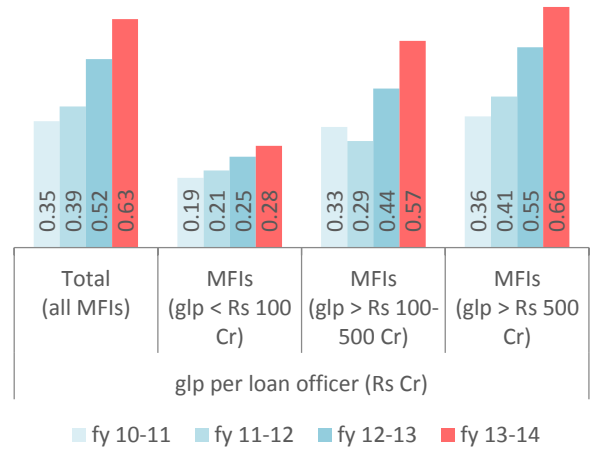
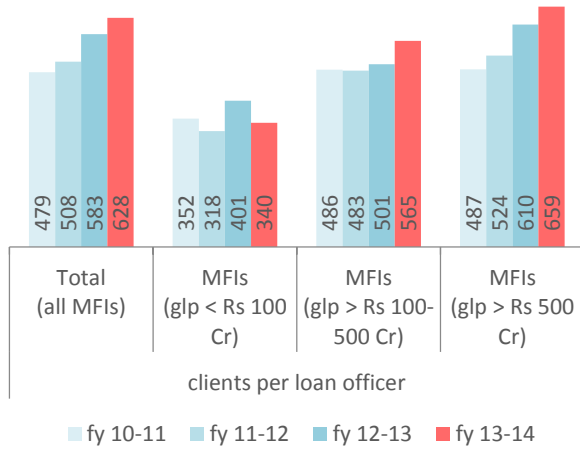
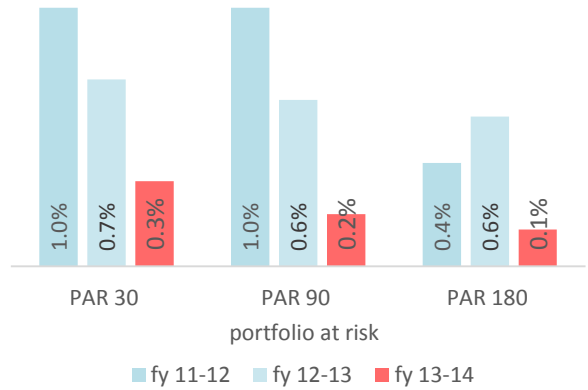
education consumption mortgage other

### c. Portfolio at risk<sup>5</sup>

As of 31<sup>st</sup> March, 2014, PAR for NBFC-MFIs (other than MFIs under CDR) remain well under 1% of glp

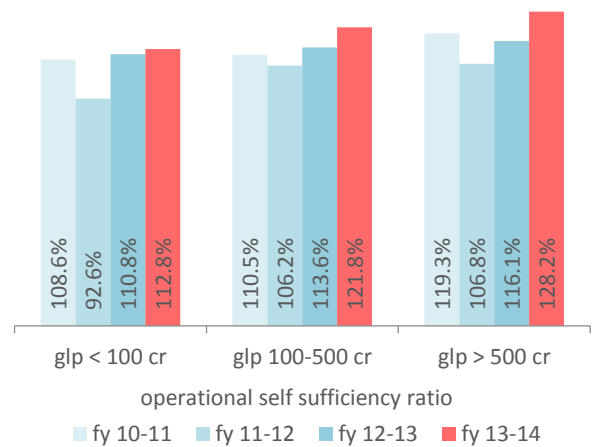
### d. Productivity and Efficiency

Key indicators of the productively clients & glp per branch and client & glp per loan officer have been steadily increasing in last three years as MFIs are taking efforts to make optimum use of their existing infrastructure (branch and work force) to cope with high costs and reducing margins. Compared with fy 10-11, loan portfolio at a branch level is 60%. Similarly, loan officer is managing 80% more portfolio.



<sup>5</sup> PAR data does not include data from MFIs under CDR and PAR data not reported for Bandhan and SKS

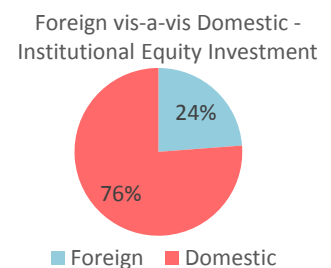
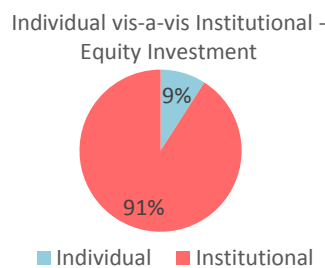
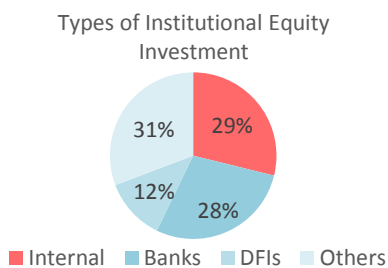
OSS is a measurement of how efficient an organization has been in generating revenue after incurring core expenses. As we may see from the graph here, larger MFIs have succeeded in obtaining higher OSS.



### e. Equity & Funding

Equity of the industry as of 31<sup>st</sup> March, 2014 stood at Rs 4,031 cr (non AP), which had grown by 40.8% over previous year. Of total equity available with the industry around 91% was from Institutional Investors, while 9 % was from Individuals. It may further be noted that 76% of institutional equity was from Domestic investors.

Institutional equity investors include MFIs Internal funds created as staff welfare trusts, mutual benefit trusts, ESOP trusts, parent, promoter or subsidiary companies / societies. Sources of equity also include banks, DFIs (SIDBI, MSDF and IFC) and other equity investment funds. Sizable amount of equity from banks represents loans converted to equity under CDR.

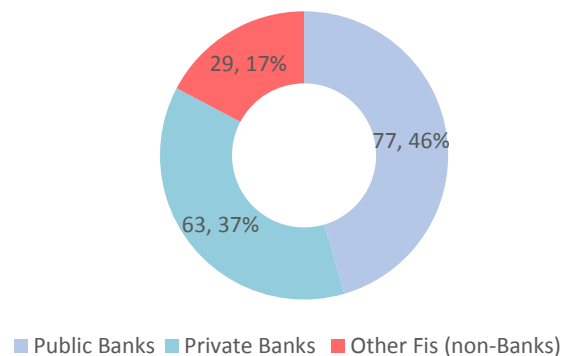


### f. Borrowings

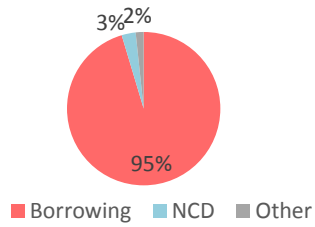
#### Sources of funds

Outstanding borrowings of the industry as of 31<sup>st</sup> March, 2014 stood at Rs 20,806 cr, showing a growth of 32.2% annually. Borrowing availed by the industry has been primarily in the form of term loans (95%) with majority of it on floating interest rates. Public sector banks (46%) are primary lenders to the industry, followed by private banks (37%). Other lenders constitute 17% of the lending, this includes DFIs and NBFCs.

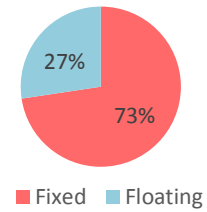
Debt funding in fy 13-14 (Rs bn,%)



Types of funds



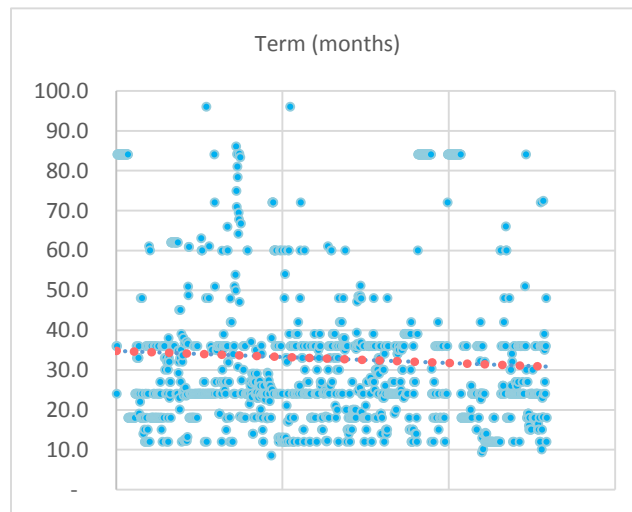
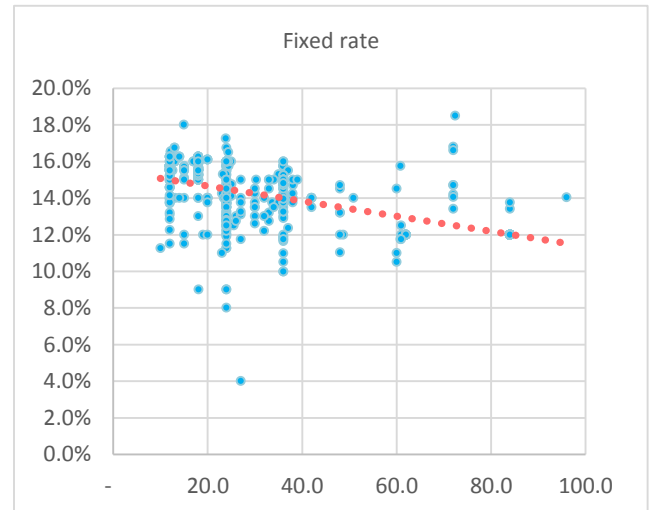
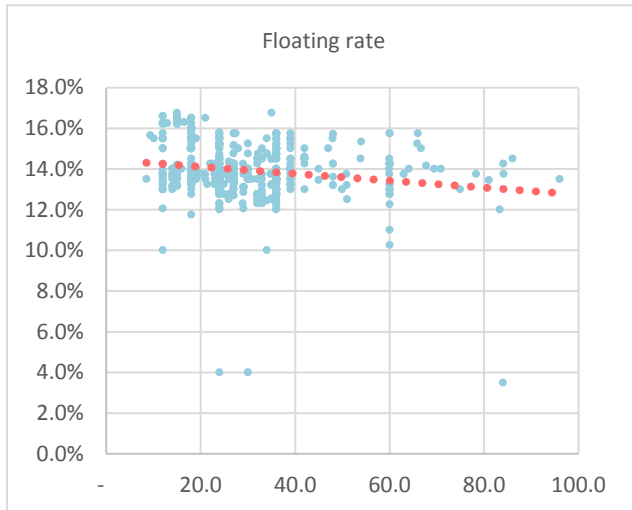
Types of interest rates



### Interest rates and tenure

Interest rates on term loans vary from a min of 3.5% to the maximum of 18.5%, however, the median lies near about 14%. We may further note that variation in floating interest rates is lesser than fixed interest rates. Average loan tenure provided by lenders to the industry is 33 months, while most common loan term provided is 24 months (median).

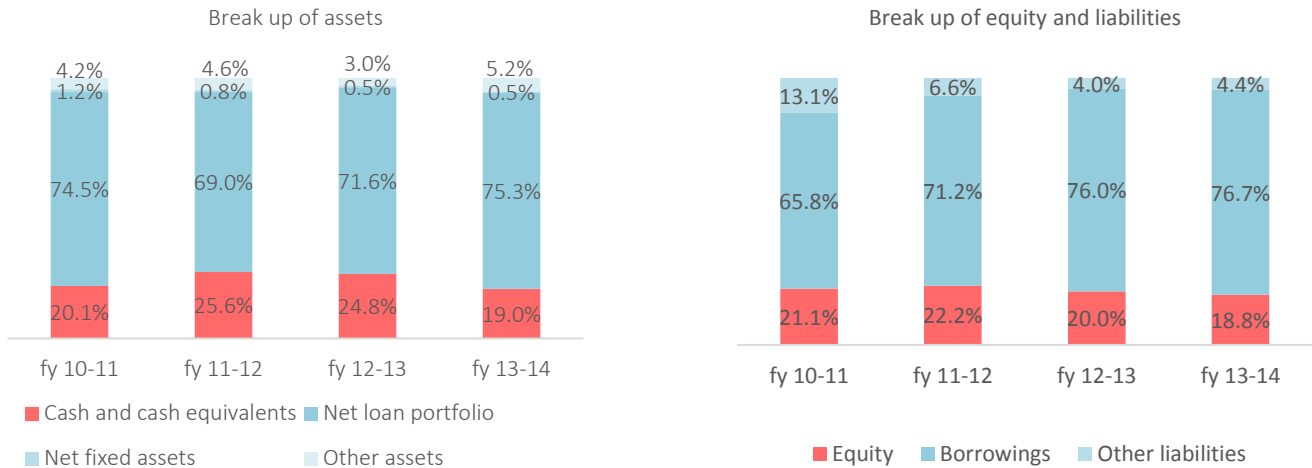
	Term (months)	Fixed rate	Floating rate
<b>Max</b>	96.0	18.5%	16.8%
<b>Min</b>	8.5	4.0%	3.5%
<b>Average</b>	32.8	13.9%	14.0%
<b>Median</b>	24.0	14.0%	13.8%



## g. Financials

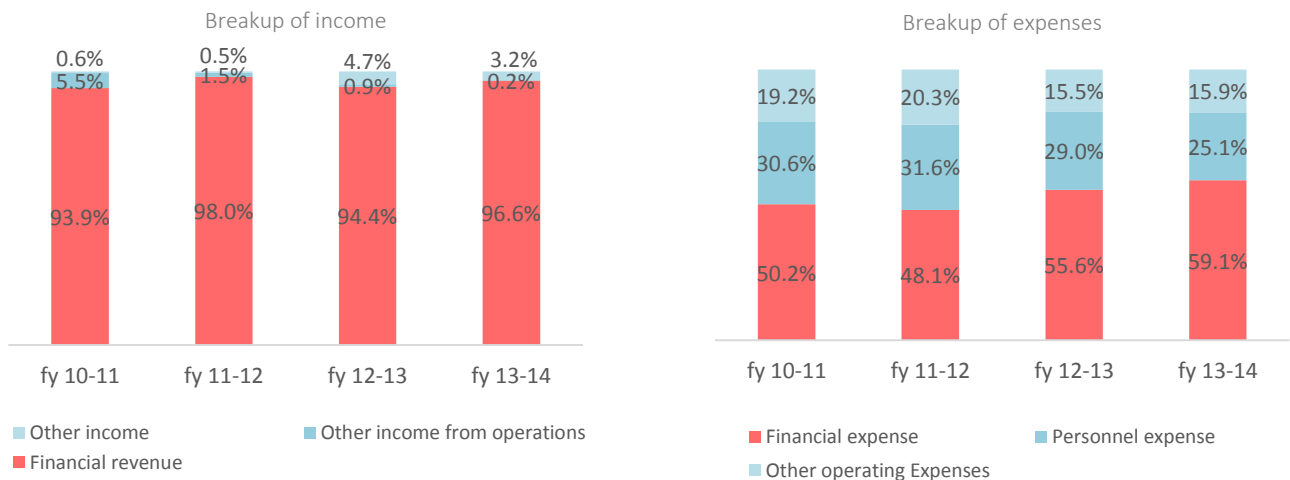
### Assets and equity

Analysis of assets shows that the proportion of Net Loan Portfolio (NLP) has stayed around 70% with substantial increase to 75% in fy 13-14. The decrease in relative proportion of cash and equivalents in the same year shows more efficient utilization of assets within the industry. Similarly the decrease in proportion of equity in fy 13-14, as shown in the graph above with breakup of equity and liabilities shows that NBFC-MFIs in India are more leveraged.



### Income and expenses

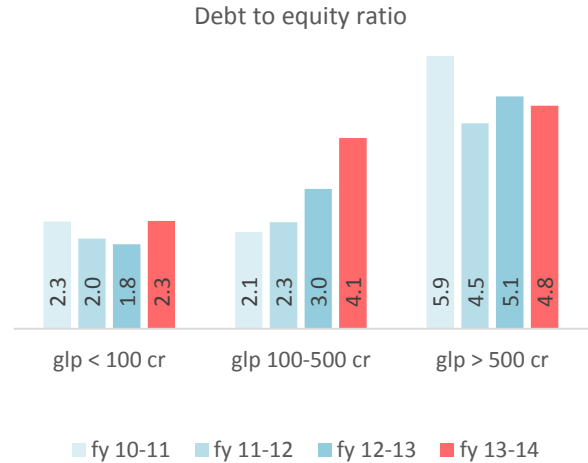
Analysis of income statements of NBFC-MFIs shows that financial revenue makes 96.6% of the total revenue of the NBFC-MFIs. On other hand, expenses can be divided into 3:2 ratio for financial expenses with respect to non-financial expenses. NBFC-MFI operations have become more productive over the years reducing operating expenses to 40% in fy 13-14, which is 5% less over previous year.



### Debt equity ratio

Break up of debt equity ratio shows that large MFIs (glp > 500 cr) have succeeded in leveraging, while smaller MFIs continue to struggle for debt funding in proportion to the equity available to them.

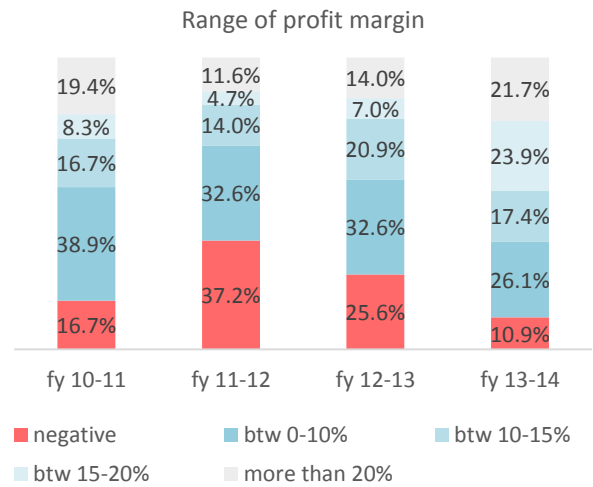
It may also be noted that medium MFIs (glp 100-500 cr) have improved their debt equity ratio over the period and are now close to levels of large MFIs (glp > 500 cr).



### Profit margin

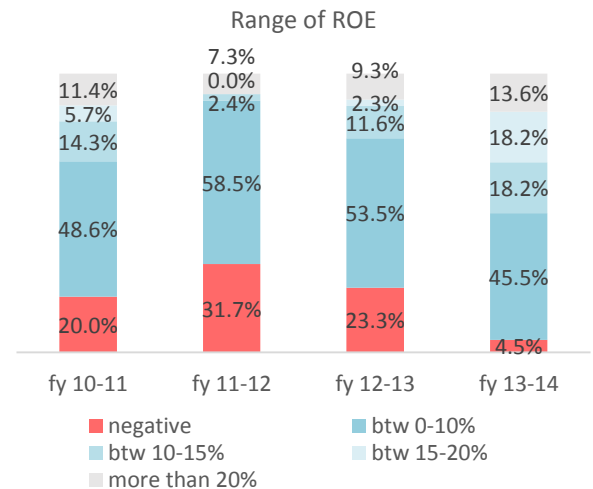
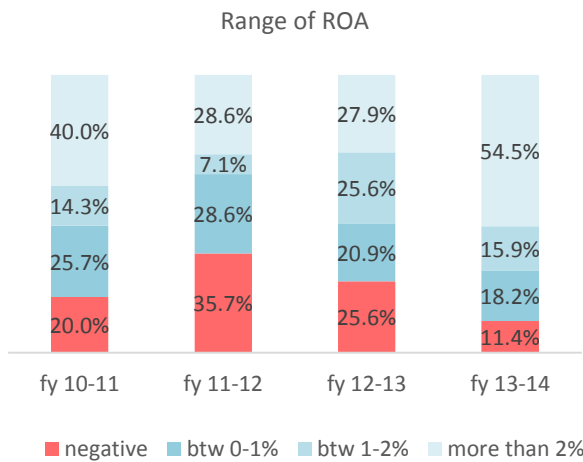
After the AP crisis around 37.2% of MFIs in FY 11-12 were into negative profit margins. The current status (FY 13-14) shows substantial recovery wherein just 10.9% of MFIs are with negative profit margins.

During the year in review, 21.7% member MFIs, could record more than 20% profit margins. It may also be noted that 63% member MFIs recorded more than 10% profit margin.



### ROA & ROE

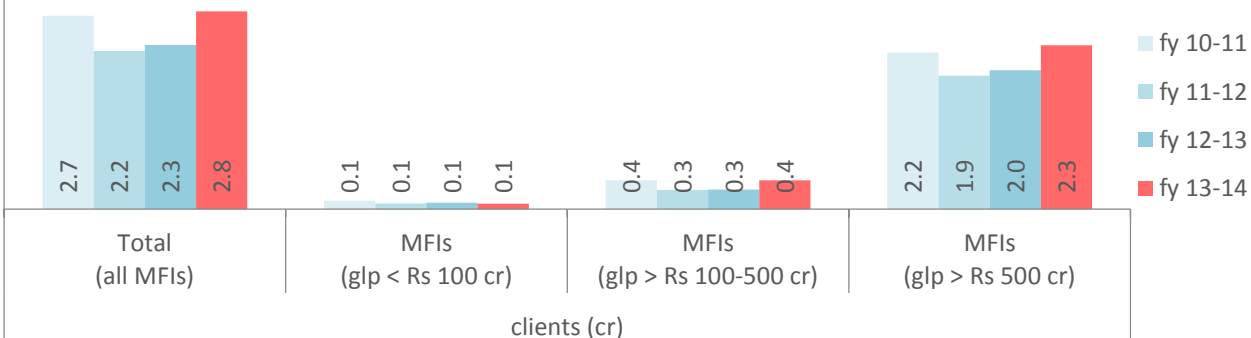
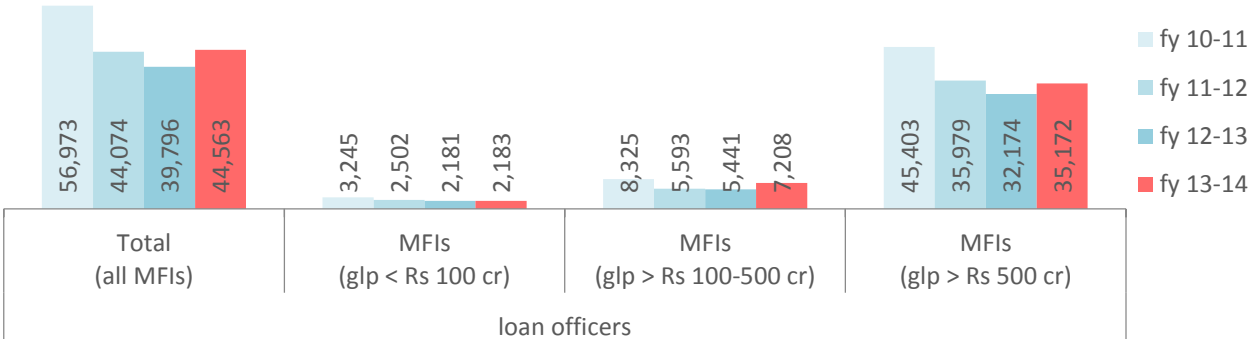
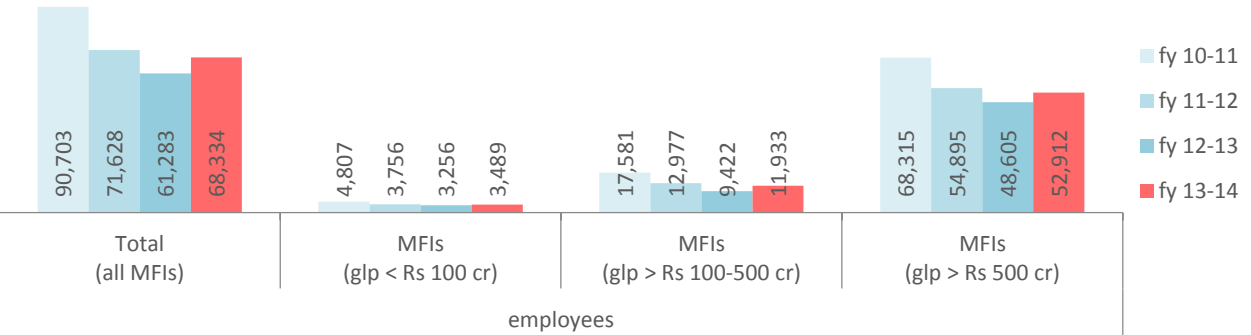
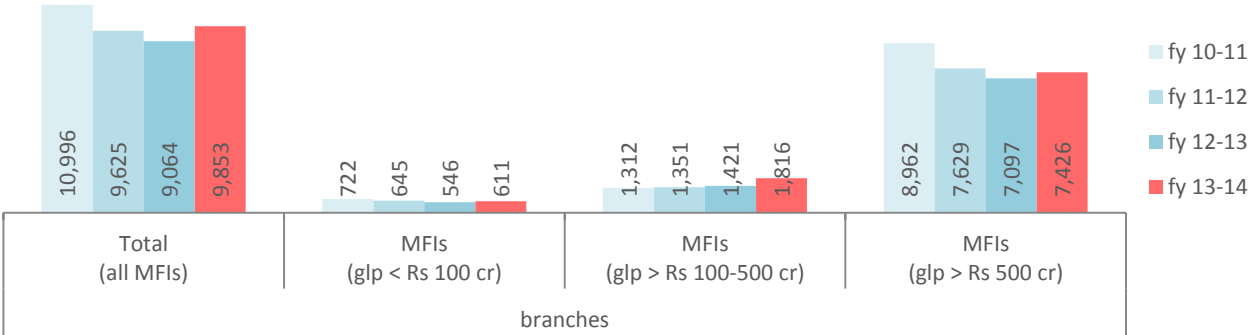
As in case of profit margins, MFIs with negative ROA and ROE have reduced substantially. Also, it is noteworthy that 54.5% of MFIs recorded more than 2 % ROA and 13.6% of NBFC-MFIs made more than 20% ROE.



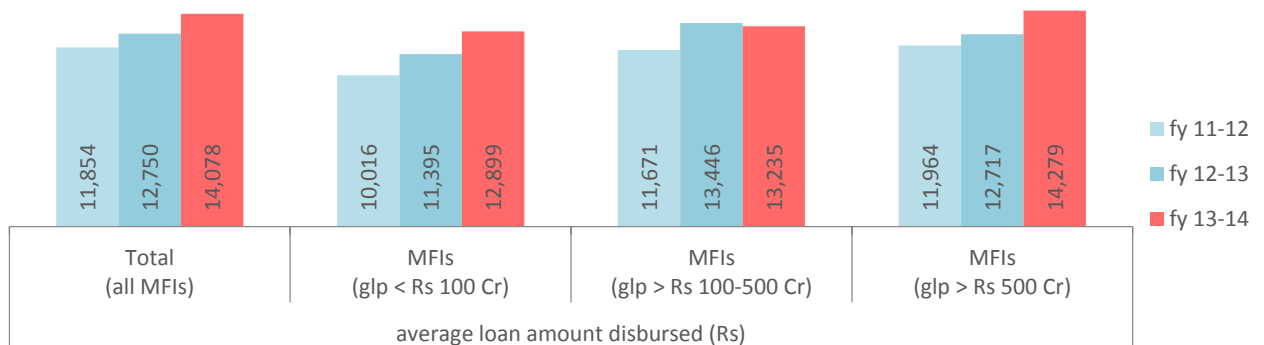
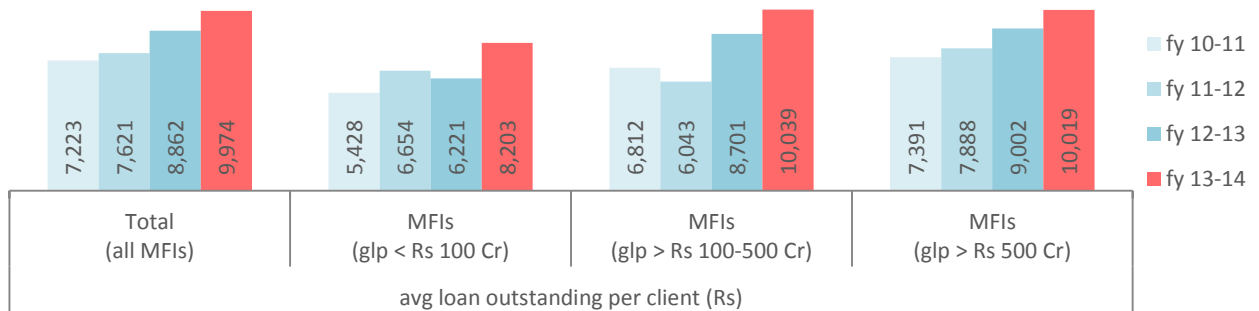
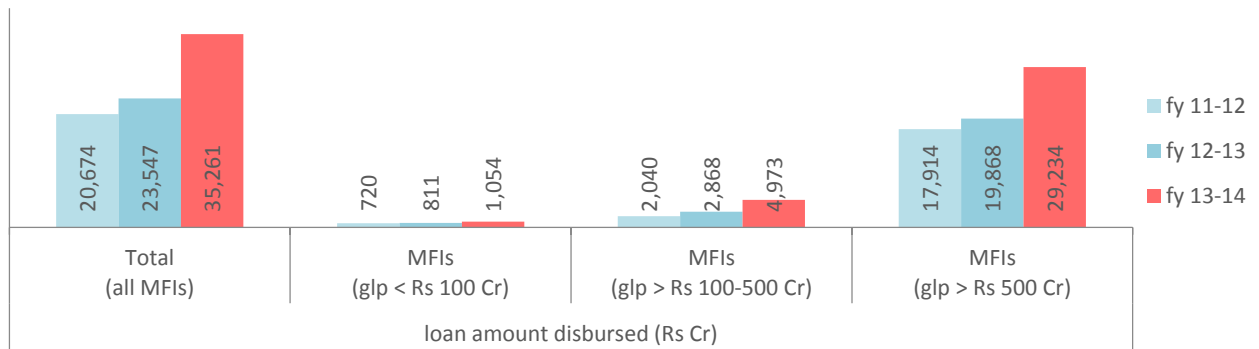
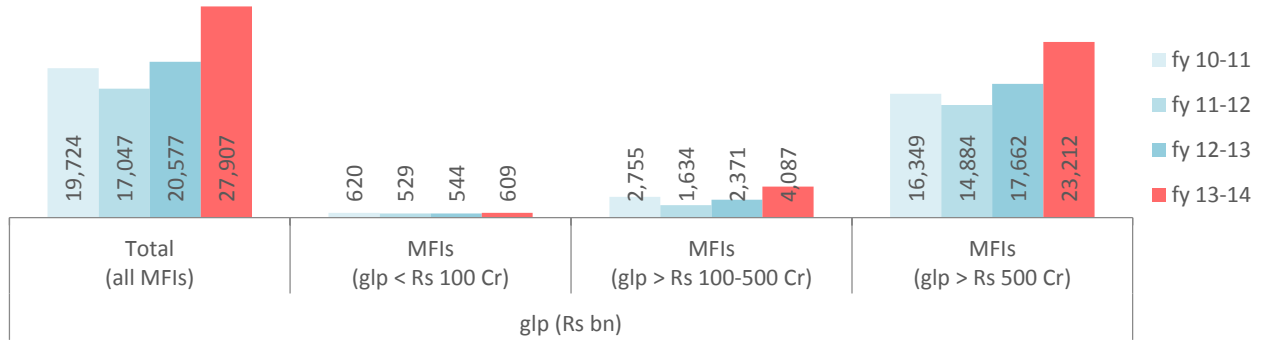


# CHARTS

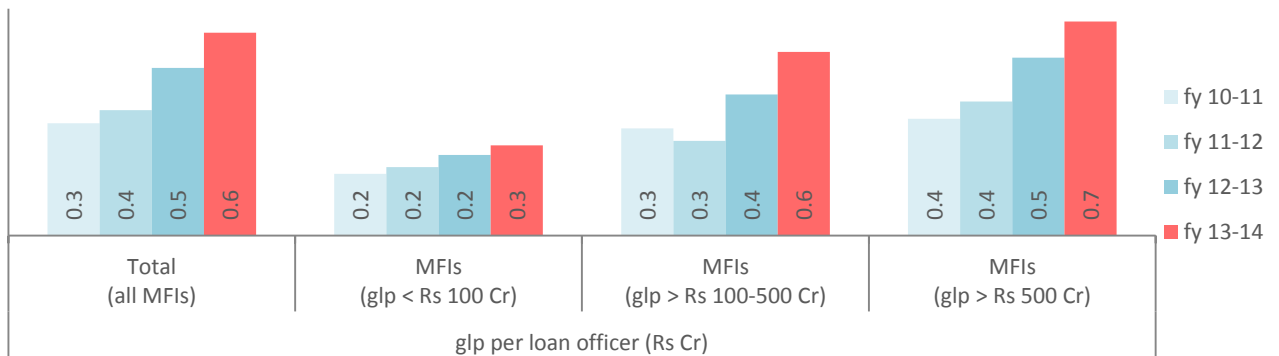
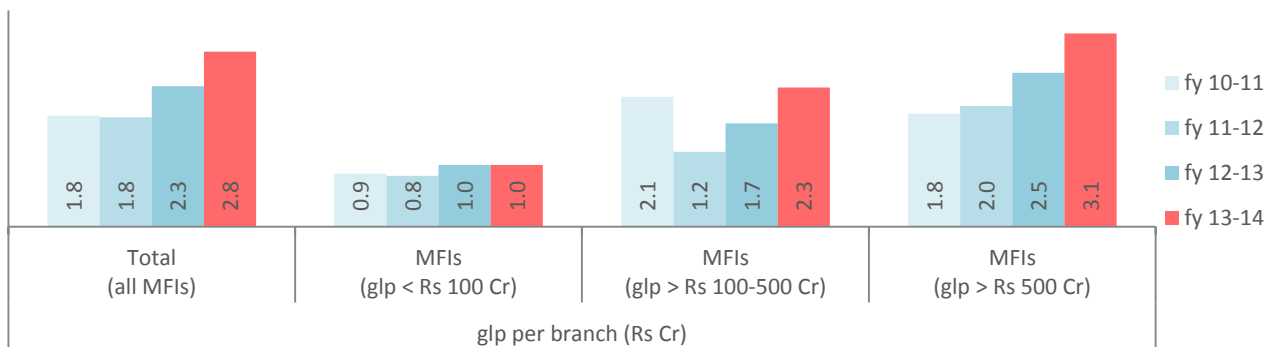
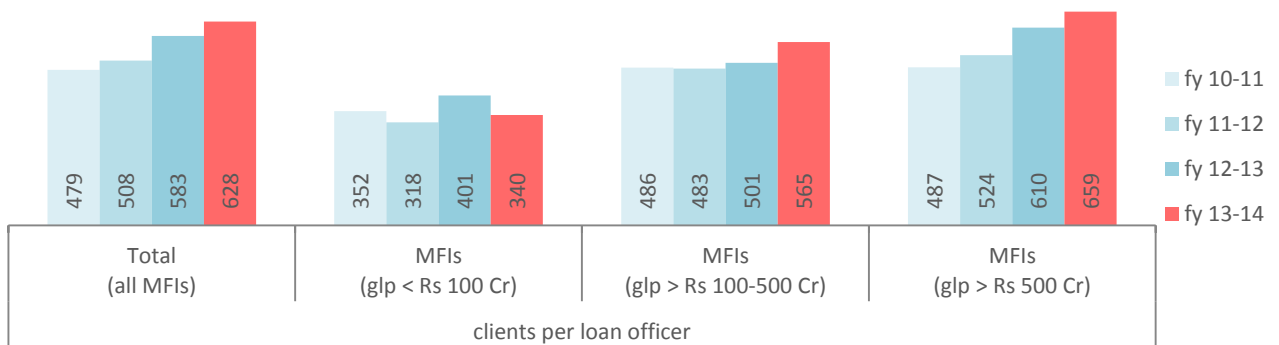
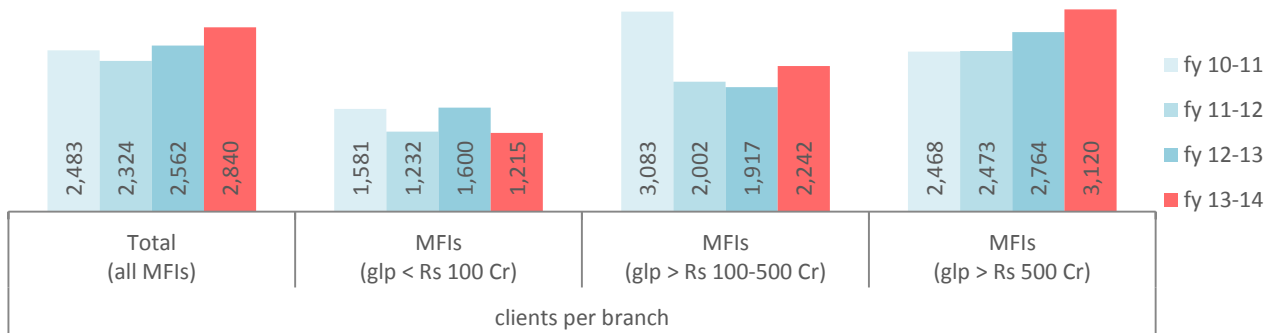
## a. Outreach



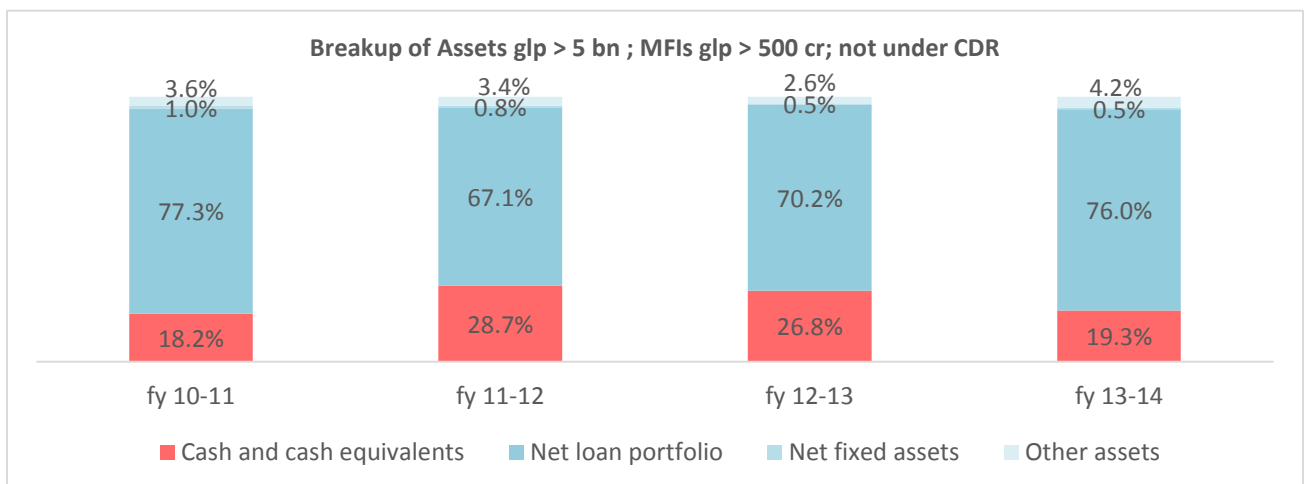
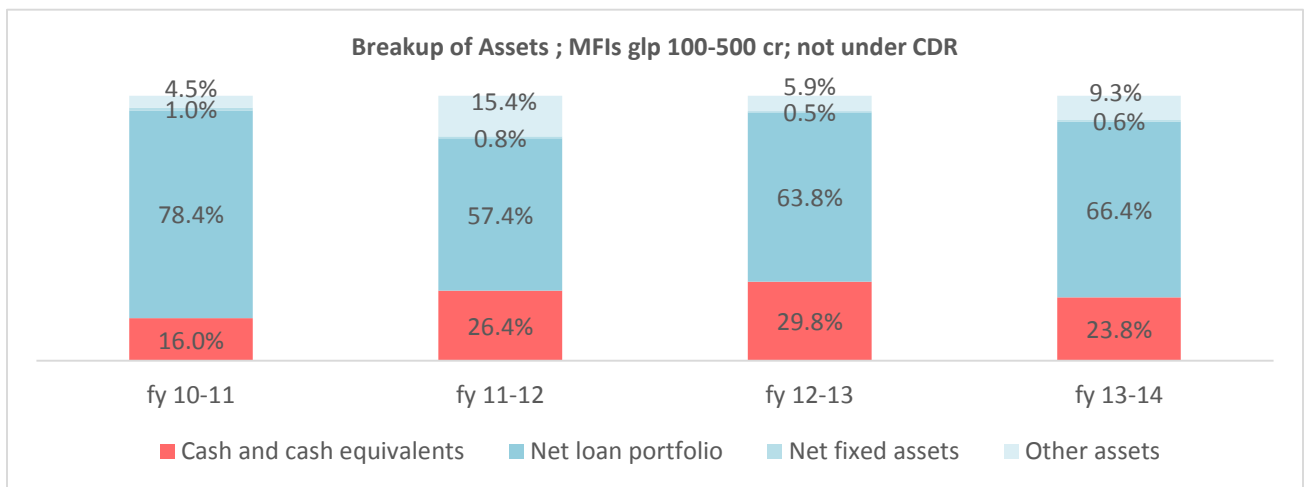
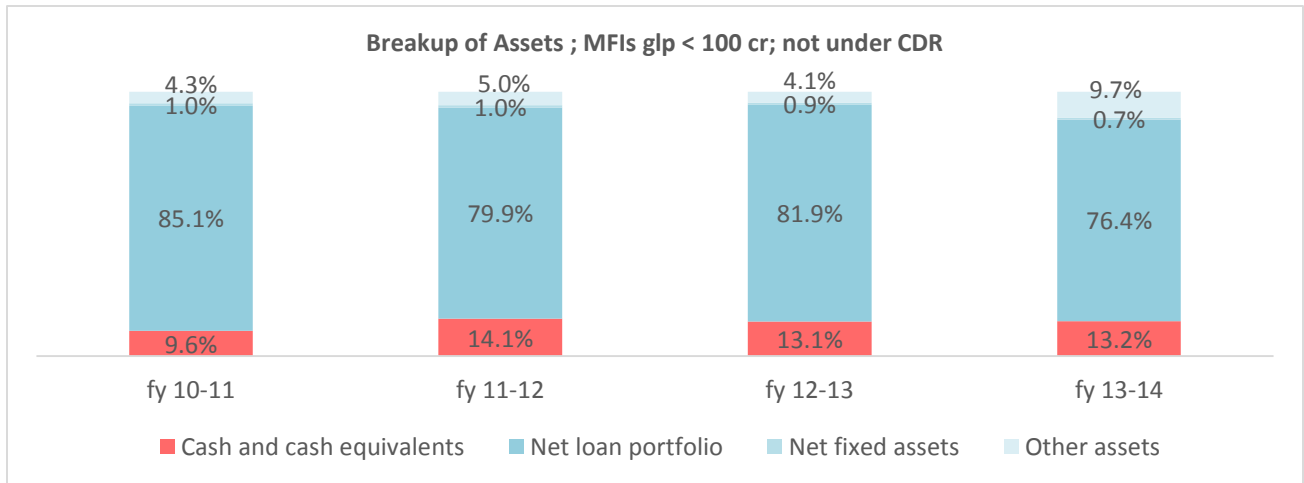
## b. Portfolio



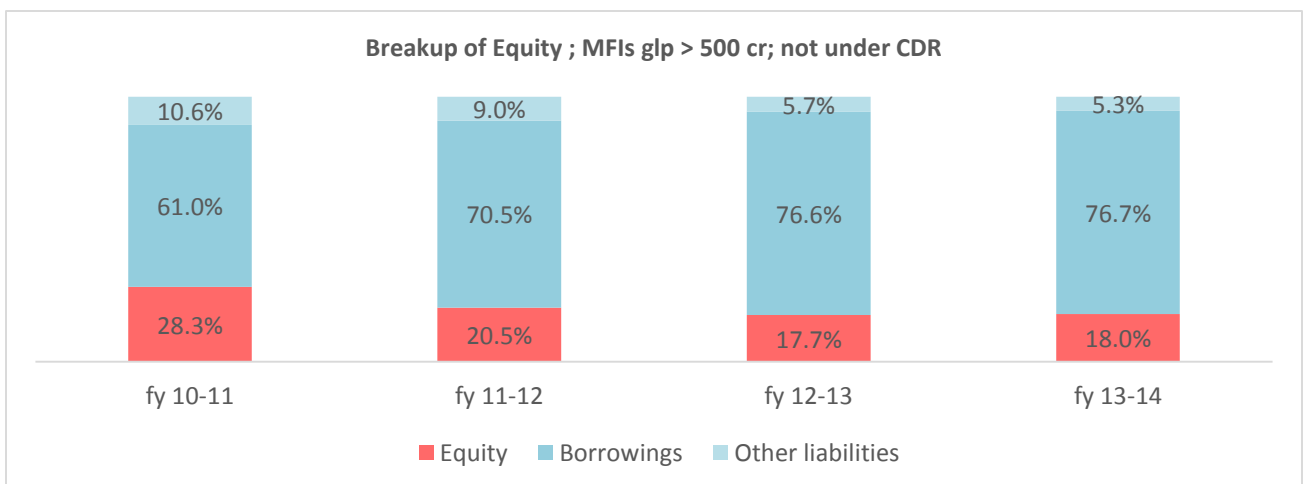
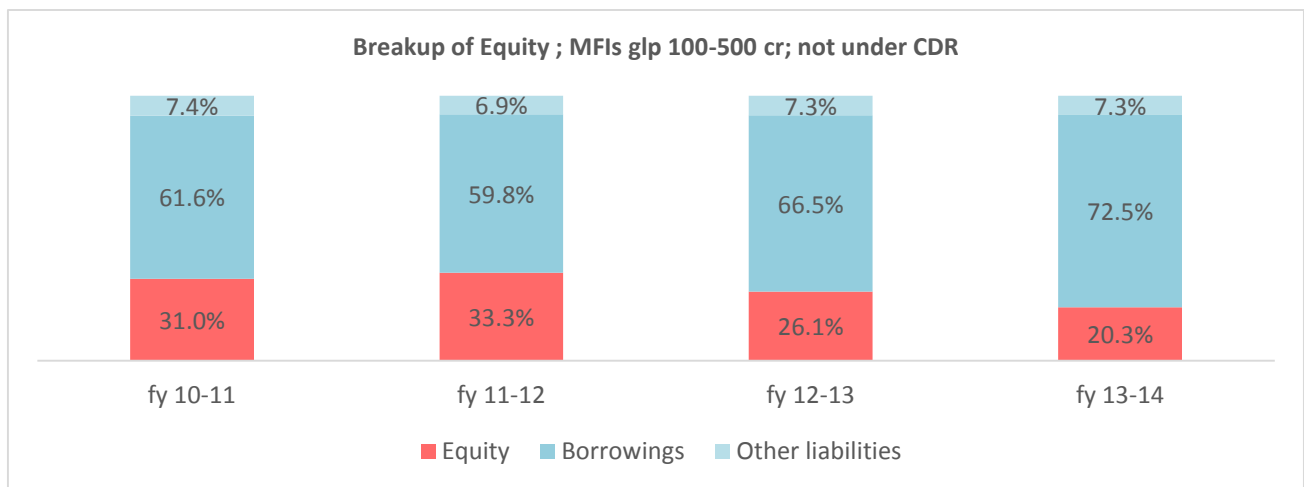
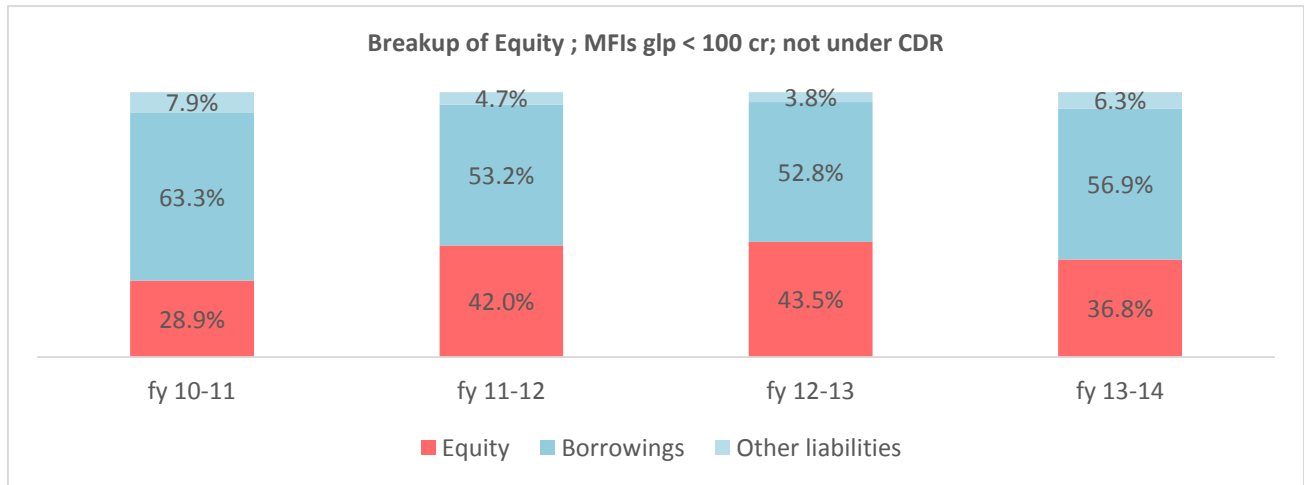
### c. Productivity



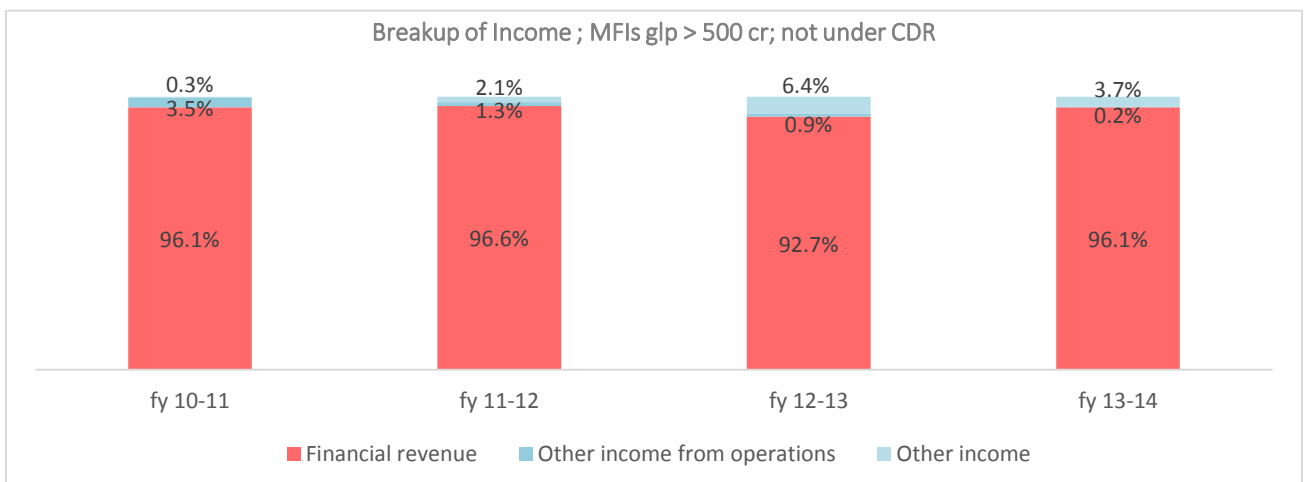
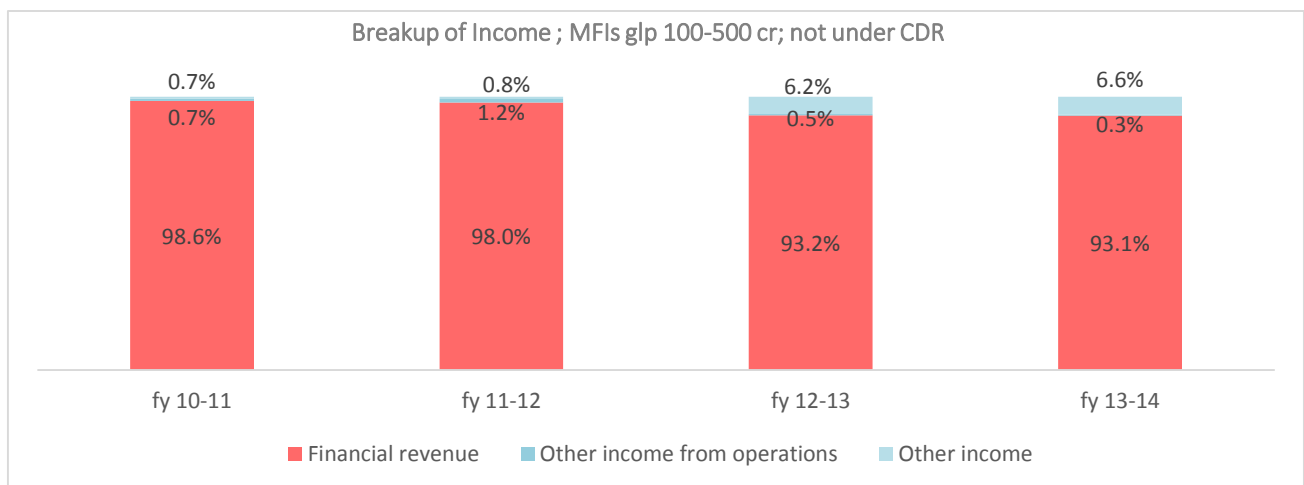
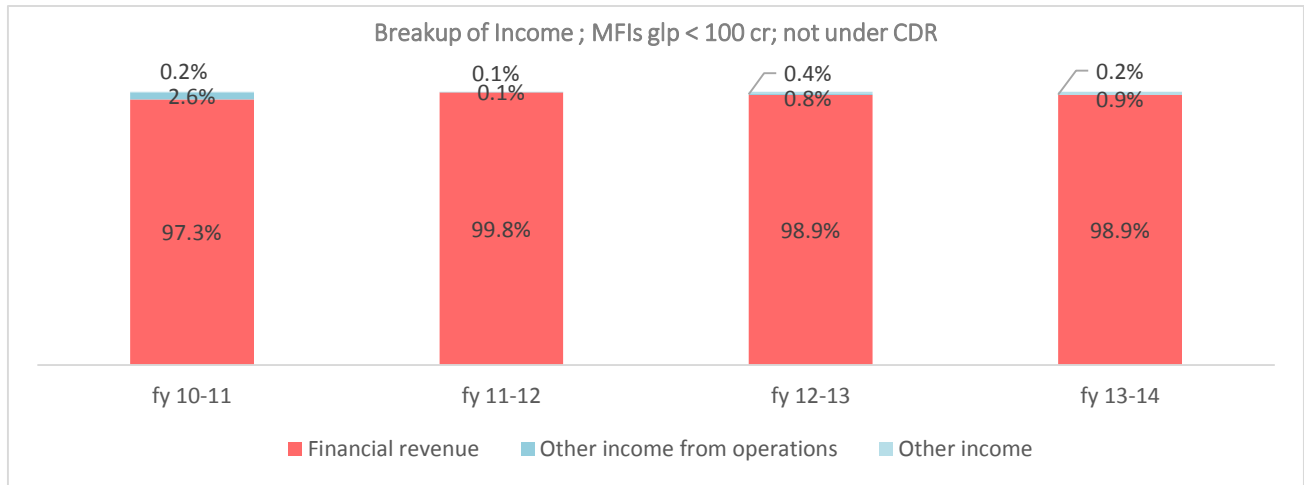
## d. Assets



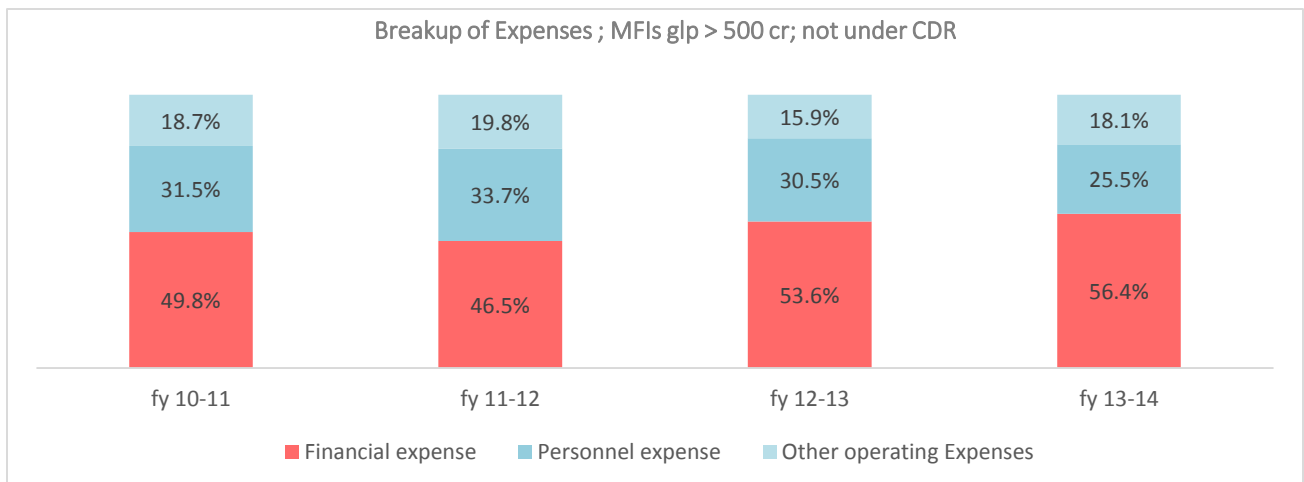
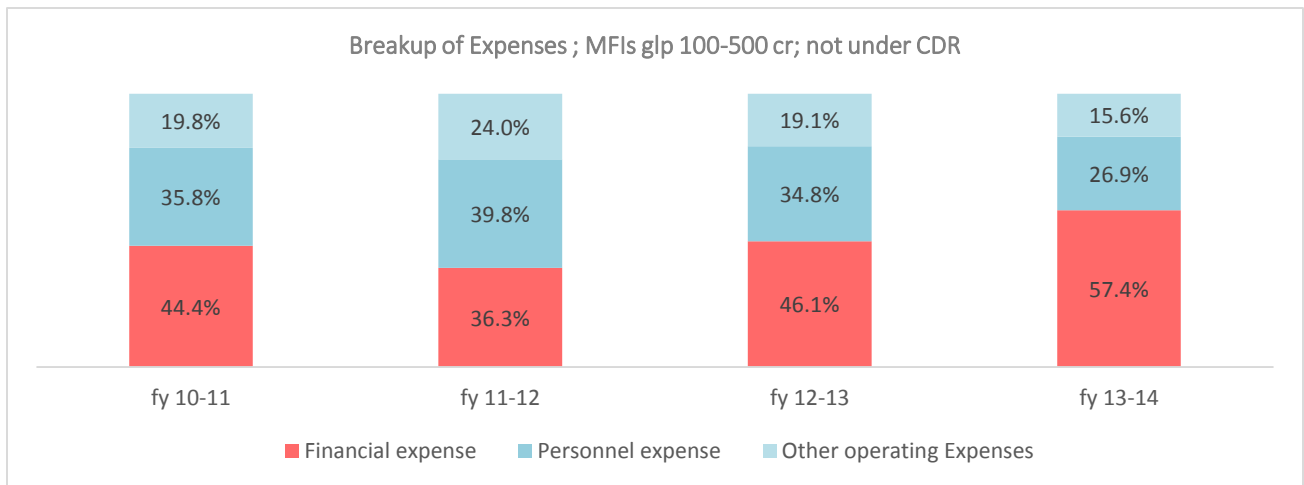
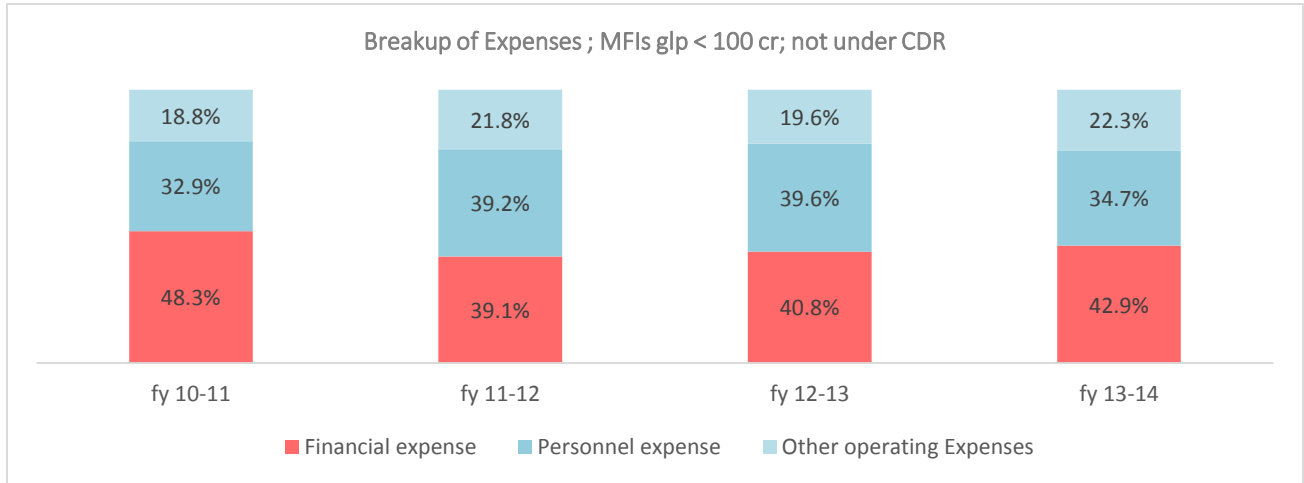
## e. Equity



## f. Income



## g. Expenses



# TABLES

## a. Outreach

	fy 10-11	fy 11-12	fy 12-13	fy 13-14
<b>Branches</b>				
Total (all MFIs)	10,996	9,625	9,064	9,853
MFIs (g/p < Rs 100 cr)	722	645	546	611
MFIs (g/p > Rs 100 – 500 cr)	1,312	1,351	1,421	1,816
MFIs (g/p > Rs 100 – 500 cr)	8,962	7,629	7,097	7,426
<b>Employees</b>				
Total (all MFIs)	90,703	71,628	61,283	68,334
MFIs (g/p < Rs 100 cr)	4,807	3,756	3,256	3,489
MFIs (g/p > Rs 100 – 500 cr)	17,581	12,977	9,422	11,933
MFIs (g/p > Rs 100 – 500 cr)	68,315	54,895	48,605	52,912
<b>Loan officers</b>				
Total (all MFIs)	56,973	44,074	39,796	44,563
MFIs (g/p < Rs 100 cr)	3,245	2,502	2,181	2,183
MFIs (g/p > Rs 100 – 500 cr)	8,325	5,593	5,441	7,208
MFIs (g/p > Rs 100 – 500 cr)	45,403	35,979	32,174	35,172
<b>Clients (cr)</b>				
Total (all MFIs)	2.73	2.24	2.32	2.80
MFIs (g/p < Rs 100 cr)	0.11	0.08	0.09	0.07
MFIs (g/p > Rs 100 – 500 cr)	0.40	0.27	0.27	0.41
MFIs (g/p > Rs 100 – 500 cr)	2.21	1.89	1.96	2.32



## b. Portfolio

	fy 10-11	fy 11-12	fy 12-13	fy 13-14
<b>Gross loan portfolio (Rs cr)</b>				
Total (all MFIs)	19,724	17,047	20,577	27,907
MFIs (glp < Rs 100 cr)	620	529	544	609
MFIs (glp > Rs 100 – 500 cr)	2,755	1,634	2,371	4,087
MFIs (glp > Rs 100 – 500 cr)	16,349	14,884	17,662	23,212
<b>Off-balance sheet portfolio (Rs cr)</b>				
Total (all MFIs)	2,223	23	168	2,033
MFIs (glp < Rs 100 cr)	1,836	20	308	1,508
MFIs (glp > Rs 100 – 500 cr)	1,769	8	416	1,346
MFIs (glp > Rs 100 – 500 cr)	4,354	17	676	3,661
<b>Average loan outstanding per client (Rs)</b>				
Total (all MFIs)	7,223	7,621	8,862	9,974
MFIs (glp < Rs 100 cr)	5,428	6,654	6,221	8,203
MFIs (glp > Rs 100 – 500 cr)	6,812	6,043	8,701	10,039
MFIs (glp > Rs 100 – 500 cr)	7,391	7,888	9,002	10,019
<b>Loans disbursed (cr)</b>				
Total (all MFIs)		1.85	2.50	1.74
MFIs (glp < Rs 100 cr)		0.07	0.08	0.07
MFIs (glp > Rs 100 – 500 cr)		0.21	0.38	0.17
MFIs (glp > Rs 100 – 500 cr)		1.56	2.05	1.50
<b>Loan amount disbursed (Rs cr)</b>				
Total (all MFIs)		20,674	23,547	35,261
MFIs (glp < Rs 100 cr)		720	811	1,054
MFIs (glp > Rs 100 – 500 cr)		2,040	2,868	4,973
MFIs (glp > Rs 100 – 500 cr)		17,914	19,868	29,234
<b>Average loan amount disbursed per account (Rs)</b>				
Total (all MFIs)		11,854	10,016	11,671
MFIs (glp < Rs 100 cr)		12,750	11,395	13,446
MFIs (glp > Rs 100 – 500 cr)		14,078	12,899	13,235
MFIs (glp > Rs 100 – 500 cr)		11,854	10,016	11,671

### c. Productivity

	fy 10-11	fy 11-12	fy 12-13	fy 13-14
<b>Clients per branch</b>				
Total (all MFIs)	2,483	2,324	2,562	2,840
MFIs (glp < Rs 100 cr)	1,581	1,232	1,600	1,215
MFIs (glp > Rs 100 – 500 cr)	3,083	2,002	1,917	2,242
MFIs (glp > Rs 100 – 500 cr)	2,468	2,473	2,764	3,120
<b>Clients per loan officer</b>				
Total (all MFIs)	479	508	583	628
MFIs (glp < Rs 100 cr)	352	318	401	340
MFIs (glp > Rs 100 – 500 cr)	486	483	501	565
MFIs (glp > Rs 100 – 500 cr)	487	524	610	659
<b>glp per branch (Rs cr)</b>				
Total (all MFIs)	1.8	1.8	2.3	2.8
MFIs (glp < Rs 100 cr)	0.9	0.8	1.0	1.0
MFIs (glp > Rs 100 – 500 cr)	2.1	1.2	1.7	2.3
MFIs (glp > Rs 100 – 500 cr)	1.8	2.0	2.5	3.1
<b>glp per loan officer (Rs lk)</b>				
Total (all MFIs)	34.6	38.7	51.7	62.6
MFIs (glp < Rs 100 cr)	19.1	21.1	24.9	27.9
MFIs (glp > Rs 100 – 500 cr)	33.1	29.2	43.6	56.7
MFIs (glp > Rs 100 – 500 cr)	36.0	41.4	54.9	66.0

#### d. Assets

		Cash and cash equivalents (Rs cr)	Net loan portfolio (Rs cr)	Net fixed assets (Rs cr)	Other assets (Rs cr)	
All MFIs	fy 10-11	2,932	16,813	169	867	
	fy 11-12	3,893	13,299	126	860	
	fy 12-13	4,859	14,431	108	773	
	fy 13-14	4,970	20,276	147	1,401	
MFI under CDR	fy 10-11	852	7,632	55	433	
	fy 11-12	710	5,710	34	294	
	fy 12-13	315	2,639	26	252	
	fy 13-14	159	2,202	21	136	
Other MFIs	fy 10-11	2,080	9,181	114	434	
	fy 11-12	3,184	7,589	92	565	
	fy 12-13	4,543	11,792	82	520	
	fy 13-14	4,811	18,074	126	1,265	
Other MFIs	glp < Rs 100 cr	fy 10-11	45	403	5	21
		fy 11-12	63	357	4	23
		fy 12-13	66	412	4	21
		fy 13-14	98	566	6	72
Other MFIs	glp > Rs 100 cr - 500 cr	fy 10-11	178	871	12	50
		fy 11-12	366	794	11	213
		fy 12-13	712	1,522	13	140
		fy 13-14	918	2,557	21	357
Other MFIs	glp > 500 cr	fy 10-11	1,856	7,907	97	364
		fy 11-12	2,755	6,439	77	330
		fy 12-13	3,766	9,857	65	359
		fy 13-14	3,795	14,951	99	836

## e. Equity and liabilities

			Equity (Rs cr)	Borrowings (Rs cr)	Other liabilities (Rs cr)
Total (all MFIs)	fy 10-11		4,678	14,251	1,852
	fy 11-12		4,672	11,954	1,384
	fy 12-13		2,959	15,784	1,427
	fy 13-14		4,031	20,861	1,902
MFIs under CDR	fy 10-11		1,300	7,025	648
	fy 11-12		2,112	4,225	411
	fy 12-13		-371	3,168	436
	fy 13-14		-565	2,555	530
Other MFIs	fy 10-11		3,378	7,226	1,205
	fy 11-12		2,560	7,729	974
	fy 12-13		3,330	12,616	991
	fy 13-14		4,597	18,306	1,372
Other MFIs	g/p < Rs 100 cr	fy 10-11	137	300	37
		fy 11-12	188	238	21
		fy 12-13	219	266	19
		fy 13-14	273	422	47
Other MFIs	g/p > Rs 100 cr - 500 cr	fy 10-11	344	684	82
		fy 11-12	405	727	84
		fy 12-13	624	1,587	175
		fy 13-14	781	2,792	280
Other MFIs	g/p > 500 cr	fy 10-11	2,897	6,241	1,085
		fy 11-12	1,968	6,764	868
		fy 12-13	2,487	10,763	797
		fy 13-14	3,544	15,092	1,046

## f. Income

			Financial revenue (Rs cr)	Other income from operations (Rs cr)	Other income (Rs cr)
Total (All MFIs)	fy 10-11		5,292	133	43
	fy 11-12		3,089	38	42
	fy 12-13		3,348	26	181
	fy 13-14		4,865	11	193
MFIs under CDR	fy 10-11		2,403	35	32
	fy 11-12		791	7.86	(1.23)
	fy 12-13		731	2.30	6.16
	fy 13-14		682	1.11	15.96
Other MFIs	fy 10-11		2,889	98	11
	fy 11-12		2,298	30	44
	fy 12-13		2,617	24	175
	fy 13-14		4,183	10	177
Other MFIs	glp < Rs 100 cr	fy 10-11	108	2.85	0.21
		fy 11-12	99	0.13	0.06
		fy 12-13	100	0.37	0.78
		fy 13-14	132	0.29	1.17
Other MFIs	glp > Rs 100 cr - 500 cr	fy 10-11	268	2.00	2
		fy 11-12	268	3.38	2
		fy 12-13	334	1.86	22
		fy 13-14	608	1.96	43
Other MFIs	glp > 500 cr	fy 10-11	2,513	93	9
		fy 11-12	1,932	27	41
		fy 12-13	2,183	21	152
		fy 13-14	3,443	7.46	133

## g. Expenses

			Financial expense (Rs cr)	Personnel expense (Rs cr)	Other operating Expenses (Rs cr)
<b>Total (all MFIs)</b>	fy 10-11		2,608	1,156	686
	fy 11-12		1,730	1,094	607
	fy 12-13		1,478	958	522
	fy 13-14		2,241	1,084	905
<b>MFIs under CDR</b>	fy 10-11		1,472	418	252
	fy 11-12		786	368	180
	fy 12-13		287	241	145
	fy 13-14		358	210	307
<b>Other MFIs</b>	fy 10-11		1,137	738	434
	fy 11-12		945	727	427
	fy 12-13		1,191	717	376
	fy 13-14		1,883	874	598
<b>Other MFIs</b>	glp < Rs 100 cr	fy 10-11	44	30	17
		fy 11-12	34	35	19
		fy 12-13	37	36	18
		fy 13-14	50	40	26
<b>Other MFIs</b>	glp > Rs 100 cr - 500 cr	fy 10-11	98	79	44
		fy 11-12	87	96	58
		fy 12-13	137	103	57
		fy 13-14	302	141	82
<b>Other MFIs</b>	glp > 500 cr	fy 10-11	994	629	373
		fy 11-12	823	597	350
		fy 12-13	1,018	578	302
		fy 13-14	1,531	692	490

## h. Income

			<b>Financial revenue (Rs cr)</b>	<b>Other income from operations (Rs cr)</b>	<b>Other income (Rs cr)</b>
<b>Total (all MFIs)</b>	<b>fy 10-11</b>		5,292	133	43
	<b>fy 11-12</b>		3,089	38	42
	<b>fy 12-13</b>		3,348	26	181
	<b>fy 13-14</b>		4,865	11	193
<b>MFIs under CDR</b>	<b>fy 10-11</b>		2,403	35	32
	<b>fy 11-12</b>		791	7.86	(1.23)
	<b>fy 12-13</b>		731	2.30	6.16
	<b>fy 13-14</b>		682	1.11	15.96
<b>Other MFIs</b>	<b>fy 10-11</b>		2,889	98	11
	<b>fy 11-12</b>		2,298	30	44
	<b>fy 12-13</b>		2,617	24	175
	<b>fy 13-14</b>		4,183	10	177
<b>Other MFIs</b>	gIp < Rs 100 cr	<b>fy 10-11</b>	108	2.85	0.21
		<b>fy 11-12</b>	99	0.13	0.06
		<b>fy 12-13</b>	100	0.37	0.78
		<b>fy 13-14</b>	132	0.29	1.17
<b>Other MFIs</b>	gIp > Rs 100 cr - 500 cr	<b>fy 10-11</b>	268	2.00	1.9
		<b>fy 11-12</b>	268	3.38	2.2
		<b>fy 12-13</b>	334	1.86	22
		<b>fy 13-14</b>	608	1.96	43
<b>Other MFIs</b>	gIp > 500 cr	<b>fy 10-11</b>	2,513	93	8.8
		<b>fy 11-12</b>	1,932	27	41
		<b>fy 12-13</b>	2,183	21	152
		<b>fy 13-14</b>	3,443	7.46	133

## i. Key ratios

	fy 10-11	fy 11-12	fy 12-13	fy 13-14
<b>Debt to equity ratio</b>				
All MFIs	3.8	2.5	0.3	1.1
MFIs under CDR	5.6	1.0	(17.4)	(15.7)
Other MFIs	3.4	2.8	3.2	3.6
Other MFIs g/p < 100 cr	2.3	2.0	1.8	2.3
Other MFIs g/p 100 cr - 500 cr	2.1	2.3	3.0	4.1
Other MFIs g/p > 500 cr	5.9	4.5	5.1	4.8
<b>Operational self sufficiency</b>				
All MFIs	111.3%	93.9%	101.5%	114.9%
MFIs under CDR	103.2%	44.6%	28.5%	81.0%
Other MFIs	112.9%	101.9%	113.4%	120.0%
Other MFIs g/p < 100 cr	108.6%	92.6%	110.8%	112.8%
Other MFIs g/p 100 cr - 500 cr	110.5%	106.2%	113.6%	121.8%
Other MFIs g/p > 500 cr	119.3%	106.8%	116.1%	128.2%
<b>Return on assets</b>				
All MFIs	0.8%	-3.9%	-5.2%	0.8%
MFIs under CDR	0.2%	-18.7%	-43.8%	-7.7%
Other MFIs	1.0%	-1.4%	1.0%	2.1%
Other MFIs g/p < 100 cr	0.5%	-2.3%	0.1%	0.3%
Other MFIs g/p 100 cr - 500 cr	0.5%	0.3%	1.6%	2.6%
Other MFIs g/p > 500 cr	2.0%	-2.9%	1.3%	3.6%
<b>Return on equity</b>				
All MFIs	5.1%	134.9%	-44.6%	13.6%
MFIs under CDR	0.6%	923.0%	-358.6%	30.2%
Other MFIs	6.0%	-0.2%	6.4%	10.9%
Other MFIs g/p < 100 cr	2.4%	-6.2%	1.0%	2.4%
Other MFIs g/p 100 cr - 500 cr	4.5%	-0.2%	7.4%	12.2%
Other MFIs g/p > 500 cr	11.3%	5.6%	11.2%	20.1%



	fy 10-11	fy 11-12	fy 12-13	fy 13-14
<b>Profit margin</b>				
All MFIs	7.3%	-125.9%	-85.7%	3.5%
MFIs under CDR	2.0%	-184.7%	-636.7%	-58.9%
Other MFIs	8.4%	-116.3%	3.6%	12.9%
Other MFIs glp < 100 cr	5.8%	-344.9%	-8.4%	3.5%
Other MFIs glp 100 cr - 500 cr	5.4%	2.2%	11.3%	17.3%
Other MFIs glp > 500 cr	14.0%	-19.8%	6.5%	20.4%
<b>Capital/asset ratio</b>				
All MFIs	30.3%	32.5%	24.6%	21.2%
MFIs under CDR	16.8%	15.8%	-15.8%	-18.5%
Other MFIs	32.7%	35.2%	31.2%	27.1%
Other MFIs glp < 100 cr	40.5%	49.6%	48.8%	40.4%
Other MFIs glp 100 cr - 500 cr	35.1%	33.3%	26.4%	20.3%
Other MFIs glp > 500 cr	21.5%	20.7%	17.2%	17.6%
<b>Financial revenue/ assets</b>				
Total (all MFIs)	26.2%	20.8%	20.2%	20.7%
MFIs under CDR	26.2%	10.4%	12.7%	14.2%
Other MFIs	26.2%	22.5%	21.4%	21.7%
Other MFIs (glp < Rs 100 cr)	20.6%	20.6%	20.1%	20.1%
Other MFIs (glp > Rs 100 cr - 500 cr)	29.7%	23.6%	21.5%	22.3%
Other MFIs (glp > Rs 500 cr)	26.7%	23.1%	22.8%	22.8%
<b>Yield on gross portfolio (nominal)</b>				
Total (all MFIs)	29.0%	21.5%	20.9%	21.5%
MFIs under CDR	26.8%	9.7%	10.8%	11.1%
Other MFIs	29.5%	23.5%	22.6%	23.1%
Other MFIs (glp < Rs 100 cr)	23.5%	23.4%	23.7%	23.9%
Other MFIs (glp > Rs 100 cr - 500 cr)	34.3%	23.6%	21.9%	22.4%
Other MFIs (glp > Rs 500 cr)	28.3%	23.3%	22.2%	23.1%

	fy 10-11	fy 11-12	fy 12-13	fy 13-14
<b>Yield on gross portfolio (real)</b>				
Total (all MFIs)	15.2%	9.9%	9.4%	9.9%
MFIs under CDR	13.2%	-0.8%	0.2%	0.5%
Other MFIs	15.6%	11.7%	10.9%	11.3%
Other MFIs (glp < Rs 100 cr)	10.3%	11.6%	11.9%	12.1%
Other MFIs (glp > Rs 100 cr - 500 cr)	19.9%	11.8%	10.3%	10.7%
Other MFIs (glp > Rs 500 cr)	14.6%	11.5%	10.5%	11.4%
<b>Total expense/ assets</b>				
Total (all MFIs)	24.6%	24.1%	24.8%	19.0%
MFIs under CDR	25.7%	28.8%	56.1%	22.0%
Other MFIs	24.4%	23.3%	19.8%	18.6%
Other MFIs (glp < Rs 100 cr)	19.4%	22.2%	19.8%	19.1%
Other MFIs (glp > Rs 100 cr - 500 cr)	28.1%	22.8%	19.1%	18.5%
Other MFIs (glp > Rs 500 cr)	23.7%	25.3%	20.7%	18.0%
<b>Financial expense/ assets</b>				
Total (all MFIs)	10.0%	8.5%	8.3%	8.8%
MFIs under CDR	13.4%	10.2%	6.2%	7.0%
Other MFIs	9.3%	8.2%	8.7%	9.1%
Other MFIs (glp < Rs 100 cr)	7.3%	7.3%	7.5%	7.1%
Other MFIs (glp > Rs 100 cr - 500 cr)	9.8%	8.1%	8.9%	10.2%
Other MFIs (glp > Rs 500 cr)	10.5%	9.3%	9.5%	9.8%
<b>Operating expense/ assets</b>				
Total (all MFIs)	13.1%	12.2%	10.2%	9.7%
MFIs under CDR	7.2%	7.6%	9.4%	12.9%
Other MFIs	14.3%	13.0%	10.4%	9.2%
Other MFIs (glp < Rs 100 cr)	11.8%	13.5%	12.2%	11.7%
Other MFIs (glp > Rs 100 cr - 500 cr)	17.4%	13.7%	9.5%	7.8%
Other MFIs (glp > Rs 500 cr)	12.4%	11.4%	9.4%	8.0%

	fy 10-11	fy 11-12	fy 12-13	fy 13-14
<b>Personnel expense/ assets</b>				
Total (all MFIs)	8.2%	7.4%	6.4%	5.3%
MFIs under CDR	4.2%	4.6%	5.0%	5.2%
Other MFIs	9.0%	7.9%	6.6%	5.3%
Other MFIs (glp < Rs 100 cr)	7.4%	8.0%	7.8%	6.2%
Other MFIs (glp > Rs 100 cr - 500 cr)	11.2%	8.3%	6.1%	4.8%
Other MFIs (glp > Rs 500 cr)	7.4%	7.1%	6.0%	4.8%
<b>Administrative expense / assets</b>				
Total (all MFIs)	4.9%	4.8%	3.8%	4.4%
MFIs under CDR	3.0%	3.0%	4.4%	7.7%
Other MFIs	5.3%	5.1%	3.7%	3.9%
Other MFIs (glp < Rs 100 cr)	4.4%	5.5%	4.4%	5.5%
Other MFIs (glp > Rs 100 cr - 500 cr)	6.2%	5.4%	3.4%	2.9%
Other MFIs (glp > Rs 500 cr)	5.0%	4.3%	3.4%	3.2%
<b>Operating expense/ loan portfolio</b>				
Total (all MFIs)	16.1%	14.0%	13.5%	11.3%
MFIs under CDR	8.2%	8.5%	9.6%	12.0%
Other MFIs	17.7%	14.9%	14.1%	11.2%
Other MFIs (glp < Rs 100 cr)	15.2%	17.3%	21.1%	15.4%
Other MFIs (glp > Rs 100 cr - 500 cr)	21.9%	14.7%	11.0%	9.1%
Other MFIs (glp > Rs 500 cr)	14.4%	12.5%	10.3%	8.9%
<b>Personnel expense/ loan portfolio</b>				
Total (all MFIs)	10.0%	8.4%	8.5%	6.1%
MFIs under CDR	4.7%	5.1%	5.0%	4.9%
Other MFIs	11.1%	9.0%	9.1%	6.3%
Other MFIs (glp < Rs 100 cr)	9.6%	10.0%	13.9%	7.8%
Other MFIs (glp > Rs 100 cr - 500 cr)	14.1%	9.1%	7.0%	5.7%
Other MFIs (glp > Rs 500 cr)	8.6%	7.8%	6.5%	5.3%

# ANNEXURE

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## a. Definitions

<b>Term</b>	<b>Definition</b>
Total Assets	Includes all Assets as provided by audited financials
Offices	Number, 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

<b>Term</b>	<b>Definition</b>
	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 Borrowers
Cost per loan	Operating Expense / Average Number of Loans
Clients per employee	Number of Active Borrowers / Number of Personnel
Loans per employee	Number of Loans Outstanding / Number of Personnel
Clients per loan officer	Number of Active Borrowers / Number of Loan Officers
Loans per loan officer	Number of Loans Outstanding / Number of Loan Officers
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-off s - Value of Loans Recovered) / Average Gross Loan Portfolio
Loan Loss Rate	( Write-off s - Value of Loans Recovered) / Average Gross Loan Portfolio

## b. Reporting MFIs

Adhikar	Adhikar Microfinance Pvt Ltd
Asmitha	Asmitha Microfin Ltd
Annapurna	Annapurna Microfinance P Ltd
Arohan	Arohan Finacial Services Ltd
ASAIndia	ASA International India Microfinance Pvt Ltd
Asirvad	Asirvad Microfinance Pvt Ltd
Bandhan	Bandhan Financial Services Pvt Ltd
Belstar	Belstar Investment and Finance Private Limited
BSFL	Bhartiya Samruddhi Finance Ltd (BSFL)
BSS	BSS Microfinance
Chaitanya	Chaitanya India Fin Credit Pvt. Ltd
Disha	Disha Microfin Pvt Ltd
Equitas	Equitas Micro Finance India Pvt Ltd
ESAF	ESAF Microfinance and Investments Pvt Ltd
FFSL	Future Financial Servicess Ltd
Fusion	Fusion Microfinance Private Ltd
Grameen	Grameen Financial Services Pvt Ltd
GV	Grama Vidiyal Micro Finance Ltd
Jagaran	Jagran Microfin Pvt Ltd
Jagdhan	Jagdhan Finance and Investment Limited
Janalakshmi	Janalakshmi Financial Services Pvt Ltd
L&T	L&T Finance Ltd
M Power	M Power Mirofinance Pvt Ltd
Margdarshak	Margdarshak Financial Services Ltd
Madura	Madura Micro Finance Ltd
Muthoot	Muthoot Fincorp Ltd
Namra	Namra Financial Services Ltd

Navchetna	Navachetana Microfin Services Pvt Ltd
Pahal	Pahal Financial Services Pvt. Ltd.
Svasti	Svasti Microfinance Pvt Ltd
Sahayog	Sahayog Microfinance Limited
Saija	Saija Finance Private Limited
Samasta	Samastha Micro Finance Ltd
Satin	Satin Credit Care Network Ltd
SMILE	S.M.I.L.E. Microfinance Limited
Share	Share Microfin Ltd
Sarvodaya	Sarvodaya Nano Finance Ltd
SKS	SKS Microfinance Limited
Sonata	Sonata Finance Pvt Ltd
Spandana	Spandana Sphoorty Financial Ltd
Suryodaya	Suryoday Micro Finance Pvt Ltd
SVCL	SV Creditline Pvt Ltd
Swadhaar	Swadhaar Finserve Private Limited
Trident	Trident Microfin Pvt Ltd
Ujjivan	Ujjivan Financial Services Ltd
Utkarsh	Utkarsh Micro Finance Pvt Ltd
Varam	Varam Capital Pvt. Ltd
VFS	Village Financial Services Pvt Ltd

### c. Peer grouping

MFIs with glp < 100 cr	MFIs with glp 100-500 cr	MFIs with glp > 500 cr	CDR MFIs <sup>6</sup>
<b>n = 16</b>	<b>n = 18</b>	<b>n = 13</b>	<b>n = 6</b>
Adhikar	Annapurna	Asmitha	Asmitha
ASA India	Arohan	Bandhan	BSFL
Chaitanya	Asirvad	Equitas	FFSL
Jagdhan	Belstar	ESAF	Share
Jagaran	BSFL	Grama Vidiyal	Spandana
M Power	BSS	GFSP	Trident
Margdarshak	Disha	Janalakshmi	
Namra	Fusion	Muthoot	
Navchetna	FFSL	Satin	
Pahal	L&T Finance	Share	
Saija	Madura	SKS	
Samasta	SVCL	Spandana	
Sarvodaya Nano	Sahyog	Ujjivan	
Trident	Smile		
Varam	Sonata		
VFS	Suryoday		
	Swadhaar		
	Utkarsh		

<sup>6</sup> CDR MFIs are going through CDR due to AP crisis. All other MFIs are termed as “Other MFIs”, in the document.



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