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Asirvad Microfinance expanding into 2 more States

G Naga Sridhar

The MFI, an arm of Manappuram Finance, is planning to raise ₹200-cr capital

Hyderabad, October 11:

Asirvad Microfinance will be expanding its operations to Maharashtra and Rajasthan before the end of current financial year.

"We are present in 14 States now with about 560 branches. After the completion of the proposed expansion to two more States, we will have about 700 branches," SV Raja Vaidyanathan, founder and Managing Director of Asirvad, told *BusinessLine*.

"Going by the current growth, we are likely to clock ₹3,000 crore outstanding portfolios by March 2018," he said.

Asirvad, a subsidiary of Manappuram Finance, is planning to raise ₹200-crore capital — of which ₹100 crore will be in the form of debt; there will be some fund infusion from Manappuram too.

The Chennai-based micro-lender, in which Manappuram Finance has about 85 per cent stake, hopes to ramp up its outstanding portfolio to over ₹2,000 crore from ₹1,570 crore now.

With over half a dozen MFIs having transformed into small finance banks in the recent past, there is more scope for expanding operations. "As an industry, MFIs are significantly contributing towards the financial-inclusion drive. For the next five years, I see the industry growing further," Vaidyanathan said.

Use of credit bureau data, lending to clientèle who are in the age group of 18-56 years and reduction in cost of funds, which has led to interest rates going down, are currently some of the positives driving the industry. At present, the repayment rates in the micro-finance industry are about 99.85 per cent, he added.

'Strong growth'

According to VP Nandakumar, Managing Director and Chief Executive Officer, Manappuram Finance, the micro-finance sector has been witnessing "strong growth" in the last couple of years.

"With a stable regulatory environment in place, prospects for the future are bright," he said.

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