



**Dia Vikas Capital  
March 2014 Report**





## A note from the Managing Director and Chairman

Dia Vikas completed another year in its exciting journey, reaching out to more families in need and helping them secure a future free from poverty.

As at March 31, 2014, we continue to work with 13 partners across India, giving a hand up to 1.67 million clients and their families. Dia Vikas partners are operating in 188 districts across 18 states and two union territories. The number of clients being reached with much-needed services grew by 18% compared to the last financial year, reflecting the overall growth of the microfinance sector in India.

A major development in the past year has been the emergence of a strong 'business correspondent' (BC) model, where microfinance partners work as the BC of formal banks to offer the savings and credit products of the bank to their clients. Moving forward, we expect that this model will continue to grow and become a major source of funds for our partners.

Another major achievement is the growth in the number of clients taking up the innovative micro pension product being offered by the Government of India's pension agency, Pension Fund Regulatory and Development Authority (PFRDA). A total of eight Dia Vikas partners are working as 'aggregators' facilitating the collection and deposit of pension contributions from clients. In the last year, Dia Vikas partners reached out to 600,000 clients with this product.

Implementation of the Social Performance Management (SPM) program continues to gather momentum. Our partners are focusing on the three key components of SPM to deliver quality services that effectively reduce poverty for families in need – client protection, outreach and impact. We will continue to work to improve best practices in the client-focused microfinance we provide.

Dia Vikas recognizes that financial help alone is



*Pictured above is Robert Dunn (Chairman, Dia Vikas & CEO, Opportunity International Australia) with clients in India*

not enough to completely transform a family's future. Many Dia partners continue to offer community development services in addition to their microfinance activities providing support programs in healthcare, education, vocational training and so on.

Dia Vikas also restructured itself into a Core Investment Company in 2014 in order to be fully compliant with the ever-evolving needs of clients.

In 2015, we will continue to increase the range of financial products and services to meet the ever evolving need of the clients.

We would like to congratulate the leaders and staff of our partner microfinance institutions who are working tirelessly in some of the most isolated and difficult areas imaginable. We also salute the resilience of our inspiring clients, who are working against the odds to bring smiles to the faces of their children as they pave a pathway into a more secure future. We also thank our social investors for their continued support in our work—it makes such a difference.

**Robert Dunn**  
Chairman

**KC Ranjani**  
Managing Director

## Mission

To provide opportunities for people in poverty to transform their lives.

## Vision

Our vision for India is to see local indigenous microfinance, livelihood and development service partners assist millions of poor people to be lifted out of poverty permanently.

## Values

Commitment to the poor

Respect to all stakeholders

Integrity

Stewardship

**“With help from Shikhar, we now have enough firewood to cook meals, eat vegetables and lentils. I also don’t have to borrow to pay my medical bills”**

Shakuntala Devi, Shikhar client



## Strategy

Dia Vikas' sole focus is poverty alleviation, not financial return. To achieve this, we utilise an innovative and efficient financial model.

- Our support enables our partners to expand services to more clients
- Our guidance helps our partners to create linkages with commercial funders
- Our focus is to forge long-term partnerships with microfinance institutions (MFIs) that are capable of sustainability, strong development interventions and substantial social impact.

This strategy has enabled Dia Vikas' partners to make a difference to 1.67 million clients through 13 MFIs across 18 states and 2 union territories (*see map overleaf*).

## Key interventions

- Providing loan, equity and quasi-equity funding to partners
- Providing world-class technical and operational support
- Developing strong relationships with our partners and investing in their leadership
- Encouraging partners to transform into better regulated and governed entities.

## Long-term objectives

Through our partners, support the creation or sustenance of 4.2 million livelihoods for people living in poverty by 2017.

## Genesis

Dia Vikas is a subsidiary of Opportunity International Australia and was established in early 2008 as a Non-Banking Finance Company.

Dia Vikas restructured itself into a Core Investment Company in 2014 to be fully compliant with the evolving regulatory requirements in India

We were established to provide opportunities for people living in poverty to transform their lives through livelihood creation. We achieve this by providing long-term funding and vital technical assistance.

We were also established to fill the gap of social investment in the Indian microfinance sector, by supporting the growth and development of MFIs in underserved regions.

## Strategic alliances

Being a subsidiary of Opportunity International Australia, besides funding support, Opportunity also provides technical support in a variety of areas including due diligence, new product development and Social Performance Management.

Dia Vikas has a strategic relationship with Cordaid, which has taken an equity stake in the organisation. Cordaid shares our social investment objectives.

Dia Vikas collaborates with MicroSave, a leading development consultancy in the microfinance sector, to deliver a range of technical assistance to our partners. MicroSave works alongside our partners to develop client-responsive approaches for the provision of market-led financial services.

Dia Vikas also works closely with the Mi India group of institutions and Healing Fields Foundation to leverage strategic partnerships with various stakeholders to deliver complementary services such as preventive healthcare, water and sanitation initiatives to the clients.

## Partners

Dia Vikas embodies a model of social investment that is unique in the microfinance sector. Prior to our establishment, only very large MFIs were able to mobilise long-term equity funding. The majority of this was sourced from commercial private equity institutions.

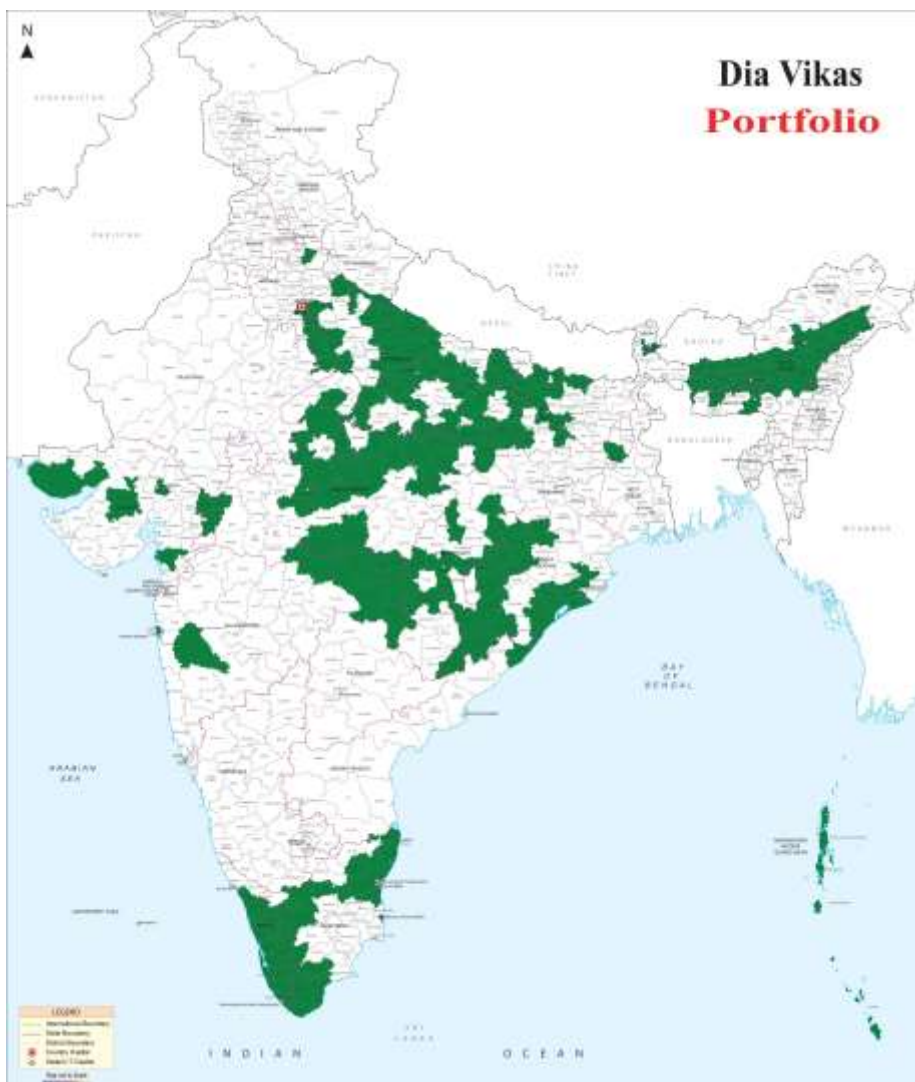
Small and medium MFIs, particularly those operating in risky or underserved areas, struggled to attract long-term equity investment. This situation exacerbated the divide between the southern states and urban areas, where MFIs attracted funding, and the underserved north, central and northeast states and rural areas, where intervention is very much needed.

Dia Vikas supports MFIs that display a local affinity and operate in underserved regions. We provide these partners with long-term capital and do not exit unless the MFI drifts from its social mission or does not adhere to our governance standards. Partners are encouraged to invest surplus funds to reduce interest rates and expand services to more communities, rather than provide a capital return for equity investors.

Alongside our funding, we help our partners leverage loans from banks and other social capital providers. This helps to magnify their client outreach and social impact.

## Outreach map

At March 2014



*Dia Vikas reaches out to clients in 188 districts across 18 states and 2 union territories through its 13 MFI partners*

## Partnership process

To ensure that Dia Vikas achieves its mission effectively and efficiently, we seek out local partners that are offering effective, innovative and visionary programs to people living in poverty – often in areas where no other, or very few other, organisations are working. When choosing partners, Dia Vikas considers mission alignment alongside governance, management and performance.

## Mission alignment

Dia Vikas' partners must share our values and not be driven by commercial returns. We look for partners:

- with a mission to help people work their way out of poverty
- that work in the poorest, largely underserved regions – serving a market that exhibits a relevant 'gap', with conditions that are favourable for microfinance
- with sound future strategies to deepen outreach and broaden services
- that demonstrate commitment to responsible practices in the field for client protection and staff satisfaction.

## Governance

In order to properly exercise stewardship, we need partners that can operate sustainable businesses. We look for partners with:

- inspired leadership, balancing both social and financial performance
- strong risk management and governance practices with reasonable current financial performance

## Performance

- a sound operating platform and capable staff with good portfolio tracking systems and accounting
- an ability to manage significant growth, as reflected in comprehensive business plans and projections underpinning a sustainable future.



*Rajkumari pictured above is a proud owner of PRAN (Permanent Retirement Account Number) card, Government of India pension product*

# Dia Vikas' portfolio

At March 2014

Partner	States	Number of clients	Number of branches	Outstanding loan portfolio		Outstanding Dia Vikas support	
				(Rsm)	(USD)	(Rsm)	(USDM)
<b>Adhikar</b>	Orissa Gujarat	48,140	41	419	6.99	90.89	1.52
<b>Annapurna</b>	Maharashtra	45,081	16	403	6.72	-	-
<b>BWDA</b>	Tamil Nadu Puducherry Andaman and Nicobar	70,089	35	934.73	15.6	135.94	2.27
<b>Cashpor</b>	Uttar Pradesh Bihar Chhattisgarh	663,012	341	6,310	105.28	-	-
<b>C-DOT</b>	Bihar	12,931	10	98.03	1.64	-	-
<b>EMFIL</b>	Kerala Tamil Nadu Madhya Pradesh Chhattisgarh Maharashtra Jharkhand	446,862	160	6,213	103.66	434.29	7.25
<b>GO Finance</b>	Tamil Nadu Chhattisgarh	32,226	15	363	6.06	262.62	4.38
<b>Margdarshak</b>	Uttar Pradesh Bihar Haryana	60,758	40	578.98	9.66	86.50	1.44
<b>Prayas</b>	Gujarat Madhya Pradesh	16,734	14	134	2.24	-	-
<b>RGVN</b>	Assam Meghalaya Arunachal Pradesh Sikkim Nagaland	167,969	107	1243	20.74	164.41	2.74
<b>Sambandh</b>	Orissa Chhattisgarh	21,783	7	216.01	3.60	35.71	0.6
<b>Samhita</b>	Madhya Pradesh Uttar Pradesh Chhattisgarh	58,461	64	403	6.72	91.77	1.53
<b>Shikhar</b>	Delhi NCR Haryana Uttar Pradesh Uttarakhand	28,451	22	288	4.80	77.54	1.29
	<b>TOTAL</b>	<b>1,672,497</b>	<b>872</b>	<b>17,604</b>	293.70	1379.68	23.02

Note: USD1 = Rs.59.93 as at March 31, 2014



# Social Performance Management

Dia continues to provide support to its partners for implementation of the social performance management (SPM) programme. The social performance dashboard given here is the guide to the programme. This was developed internationally for all Opportunity partners.

The current phase will focus more on the use of social data, and on training and building capacity within the management teams of our partners to use such data for improving products and services and therefore maximising outcomes for our clients. Our partners are collecting data on a range of poverty indicators such as empowerment, education, health and access to water and sanitation. The information collated over time will help our partners to understand the effectiveness of the services provided by them and the impact of the program on the lives of the people living in poverty. We are also helping our partners to become certified by Smart Campaign – an initiative that works to make sure that families living in poverty are the driving force of the microfinance industry. We feel that implementation of a well informed SPM strategy will be key to retaining clients and meeting their needs.



*Picture above are clients at a group meeting*



## Meet Shyam Rani, a tailor

Shyam Rani lives in Jamghat a small village in Sagar District, Madhya Pradesh. She is married and has four children. Her husband's income as an electrician was not enough to feed six mouths. Shyam Rani used to do manual labor or roll beedis to meet their daily needs. Her children had to drop out of school as they couldn't manage to pay the school fees. Being illiterate herself was also a limitation to finding better jobs.

Life took a turn as she was introduced to Samhita and she took her first loan. She bought a sewing machine and learnt sewing. With her subsequent loans she bought two more sewing machines and now runs a tailoring shop and also trains other women to sew.

Shyam Rani has opened a bank account in her name and saves regularly. She has also taken life insurance from Samhita. She feels happy that her children now attend school and she can provide good clothes and food for them. Her dream is to open a men's tailoring shop for her elder son and also build a proper house for themselves.

Shyam Rani is grateful to Samhita that not only has her living improved, but she is also able to make a difference in the lives of others.

*Pictured below is Shyam Rani at her tailoring shop*



## More than small loans

Dia Vikas continues to encourage its partners to provide complementary services to clients to enhance the social and economic impact of microfinance.

### Pensions

Micropensions help people living in poverty to support themselves in their old age, strengthening financial security and increasing dignity. Dia Vikas' partners have been offering a micropension product since 2010 through the Government of India's NPS Lite Pension Scheme . Currently, eight partners are offering the product – the MFIs collect payments from clients and put their deposits into the government-approved pension fund. As at March 2014, 599,724 clients were enrolled under the scheme.

### Savings

Savings help families to build their resilience and plan for the future. Currently, six of Dia Vikas' partners offer a savings product to their clients through the Business Correspondent model. This scheme enables the MFIs to open savings accounts with commercial banks on behalf of clients. As a result, clients are able to access a secure, interest-bearing savings account. As at March 2014, 1,061,828 clients were enrolled in these savings accounts.

### Water and sanitation loans

1,600 people die each day in India from preventable diarrheal diseases, according to the World Health Organisation. 80% of these deaths are the result of drinking water contaminated by poor sanitation practices.

In order to address these problems, five of Dia Vikas' partners offer tailored loans for the building of water and sanitation infrastructure in poor families' homes and communities. These loans fund the construction of toilets, household water connections, water purifiers, water tanks, water pumps and toilet repair. As at March 2014, 28,231 water and sanitation loans had been disbursed.

### Energy Loans

To provide access to clean green light and clean energy for cooking purposes six of our partners offer loans to finance solar lights, LPG connections and biogas stoves. As at March 2014, 5,485 energy loans had been disbursed.



*Pictured to the right is a client demonstrating clean energy being used for cooking purposes.*

“I feel immense joy in working to empower the Indian women in her household, the absence of which is the main reason for poverty in most households”.

- Jitendra Kumary Dubey

## From Jitendra Kumar Dubey's diary

Jitendra Kumar Dubey is a branch manager at Cashpor Micro Credit. He works at their Duddhi branch in the district Sonbhadra in Uttar Pradesh

Jitendra Kumar Dubey joined the National Cadet Corps and was preparing to join the Army desiring to serve the nation. When a job opportunity at Cashpor came along he felt there was no better way to serve his nation than by working at the grassroots level. He accepted it and says “I feel immense joy in working to empower the Indian women in her household, the absence of which is the main reason for poverty in most households”.

Says Jitendra, “My parents and my four siblings fully support and encourage me to do my work at Cashpor. I have received various trainings which help me deal with the real life situations our clients face. The major challenge is being able to convince a lady villager the benefits of taking a micro loan from Cashpor in the interest of better livelihood opportunities for them.

Cashpor has also been cognizant of the fact that a behavior change is necessary in their clients to lift them out of poverty. They encourage this by teaching them how important it is to save, how they can save, how to ensure loan sharks don't cheat them and various other supporting activities.

From my clients I have learnt how to challenge every situation in life and not succumb to it. Their never say die attitude and willingness to do hard work is something that has motivated me a lot.

I feel I'm doing something to make a difference in people's lives and wish to excel in what I'm doing, reach out to more clients and add meaning to many more lives.”

*Pictured to the left is Jitendra Kumar Dubey.*



## Clean drinking water for all

One of the most immediate benefits of microfinance is that it helps clients increase their income. But Dia Vikas' microfinance partners also provide many additional benefits to clients to ensure a more holistic impact.

One example is Dia Vikas' partner Adhikar, who identified the importance of clean drinking water and its impact on health.

Supported by Mi India, our strategic partner, Adhikar hopes to address the health problems arising due to unavailability of clean drinking water in the most marginalized communities. Our pilot project in Haathbaredi village, Khordha district of Odisha can provide Reverse Osmosis (RO) treated water to about 1000 families.

Despite the obvious advantages of consuming affordable treated water, like reduction in waterborne diseases, and time saved in collecting water, Adhikar faced a lot of challenges in getting the community to buy treated water. Following intensive training and awareness sessions, people have slowly begun to buy treated water.

Adhikar has been encouraging the villagers to not just buy treated water but also store them in clean vessels. For this they have promoted 20 litre water jars as villagers come to buy water. The jars are washed regularly at the plant.

The water plant has brought smiles to the faces of the villagers in Haathbaredi as they have clean and affordable drinking water!

*Chhabi Sahu a water plant client is pictured right.*



**“No more salty water. I now have clean drinking water delivered on time everyday at my doorstep, that too at an affordable price.”**

**Chhabi Sahu , Water plant client**

“I am so happy that I joined EMFIL. I would like to thank everyone at EMFIL as its through them that we could achieve our dreams and establish our business“

Shyby, EMFIL client

## Meet Shyby, a food cart owner

Shyby Subash brims with joy at the mention of EMFIL. A small loan from EMFIL having more than doubled their daily income, she needs no more reason to thank them whole heartedly.

Shyby now prepares delicious Kerala delicacies for a group of migrant labor. She prepares these in her house and sells them on a food cart in front of her house.

Having received her first loan in 2009 and used it to start this business, Shyby is happy that this has enabled her family to have good food, quality healthcare, and also enroll their children to an English medium school.

She hopes to do well in her business, build a house and give her children the best education. She says “They shouldn't have to struggle like we did”

*Shyby Subash is pictured below preparing food for her customers.*





*Rehana is pictured above in her shop*

## **Independence through loans**

Rehana Alijahan Sheikh lives in Dattawadi, Pune with her husband and two children. As a housewife she struggled to make ends meet with her husband's income. She started selling biscuits and sweets but still it made no difference to their income. A loan from Annapurna in 2007 changed her life for good.

She opened a small shop selling food articles and was also able to stock up additional food articles in the subsequent loan cycles.

Her business has grown in the last 7 years and she also has a Savings account and insurance policy both facilitated by Annapurna. The hospital tieup of Annapurna has also proved helpful to her in times of sickness.

She now earns around Rs. 15000 a month. Rehana thanks Annapurna for making her independent and being able to give her children an education.

**“Annapurna made me independent. I'm happy that I can contribute to the family's income and prosperity and also give my children an opportunity to study, become independent and happy“**

Rehana, Annapurna client

## Board of Directors

The Dia Vikas Board is made up of capable and committed professionals who volunteer their services and expertise to guide Dia Vikas in its endeavours. To effectively utilise the services of these professionals, several committees – including audit, remuneration and asset liability management – have been formed by Board members.

### **Robert Dunn - Chairman**

*Chairman of Remuneration Committee, Member of Risk Management Committee, Audit Committee, Assets and Liability Management Committee*

Robert joined Opportunity International Australia in 2006 as Chief Financial Officer, before taking up the position of Chief Executive Officer in 2008. Prior to joining Opportunity, Robert was the Finance Director with Patrick Corporation and has also worked for Dart Corporation and Price Waterhouse with postings in London and New York respectively. Robert holds a Bachelor of Arts (Honors) degree from Macquarie University and is a member of the Australian Institute of Company Directors and of the Institute of Chartered Accountants in Australia.

### **KC Ranjani - Managing Director**

*Member of Risk Management Committee, Audit Committee, Assets and Liability Management Committee and Remuneration Committee*

Ranjani is a financial services and development specialist with over 20 years of experience with SIDBI, the apex development finance institution for MSMEs in India. Ranjani was Senior Microfinance Specialist at MicroSave prior to joining Opportunity International Australia in 2007 to set up and subsequently head Dia Vikas as its Managing Director. Ranjani holds a post graduate degree in Bank Management.

### **Marc Breij**

*Chairman of Risk Management Committee, Audit Committee, Assets and Liability Management Committee*

Marc Breij represents Cordaid in the Dia Vikas Board. Marc is partner 'risk management and finance' at Accent Organisatie Advies. Prior to join Accent, Marc managed Cordaid's Financial Services (CSF) Fund supervising over EUR 75 million of investments in over 100 MFIs and MFI funds/ MIVs across three continents. Marc is also a board member of various microfinance investment vehicles. Before joining Cordaid, Marc worked for 20 years in ABN AMRO, predominantly in risk management in emerging markets, strategic advisory/performance management to the ABN AMRO Managing Board and as COO for the risk management function.





### **Scott Norling**

Scott is the Promoter and Managing Director of Progressive Media Vision, an export company specializing in Media communication. He serves as the International Consultant Asia Director of Joyce Meyer Ministries. He is a coalition builder, educator and pastor who has lived in India for over 30 years, serving the people of India through social service programs across the nation. Over the years he has built a number of churches, schools and developed infrastructure in small village communities including roads, sewers and hospitals.

### **Roger Grobler**

*Member of Risk Management Committee, Audit Committee, Assets and Liability Management Committee*  
Roger is the Managing Director of Quantum Analytics India, and Chairman of GluePlus Technologies based out of Hyderabad, India. Prior to moving to India, Roger was the Founder and Chairman of Real Insurance, which he led as CEO from inception to become one of the largest providers of life insurance in Australia and multi-award winner for the world-first trust-based Pay As You Drive car insurance product. He pioneered the actuarial pricing of car insurance in South Africa in the 1990s. In banking, Roger played a key role at Rand Merchant Bank in acquiring South Africa's 7th largest bank and the home loan assets of the 6th largest bank, as well as the first corporate debt securitization in South Africa. He also led the project for reengineering credit processes at FirstRand, one of South Africa's big four banks, establishing probability-based credit pricing in preparation for Basel II. Roger serves as a non-executive director on several company boards in Australia, India and South Africa.

### **Harry Turner**

*Member of Remuneration Committee*

Harry Turner is Global Chief Operating Officer, Opportunity International. As Global Chief Operating Officer, Harry is responsible for microfinance program support of the regulated and nonprofit (NGO) programs in 27 countries. Previously, Harry worked for Macquarie Bank where he grew and led a virtual, global, shared services group, managing a team of 1000 people.



# Financial highlights

Figures in Rupees

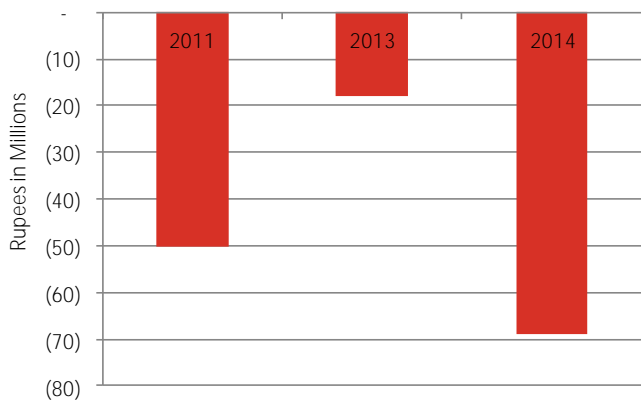
<b>INCOME STATEMENT for the year ended</b>	<b>Dec-11</b>	<b>Mar-2013*</b>	<b>Mar-2014</b>
<b>Gross income</b>	87,522,077	130,278,613	109,410,035
Expenses			
Depreciation	2,708,460	3,496,494	2,762,629
Employee benefits expenses	15,420,099	21,981,839	21,582,736
Provision against loans and investments	104,805,438	80,572,186	39,023,471
Other expenses	39,098,842	46,560,462	47,227,887
<b>Total expenses</b>	162,032,839	152,610,981	110,596,723
Profit/(loss) before tax	(74,510,762)	(22,332,368)	(1,186,688)
Tax	10,585,685	21,134,486	7,348,296
Provision for deferred tax	(35,016,880)	(25,421,932)	(60,504,746)
<b>Profit/(loss) after tax</b>	(50,079,567)	(18,044,922)	(69,039,730)
Earnings before depreciation and tax	33,003,136	61,736,312	1,575,941
<b>BALANCE SHEET as at</b>	<b>Dec-11</b>	<b>Mar-13</b>	<b>Mar-14</b>
Total shareholders' funds	1,544,860,678	1,526,815,756	1,457,776,026
Total liabilities and provisions	114,559,285	372,801,650	516,711,947
Total assets	1,659,419,963	1,899,617,406	1,974,487,973

\* For the period 1 January 2012 to 31 March 2013

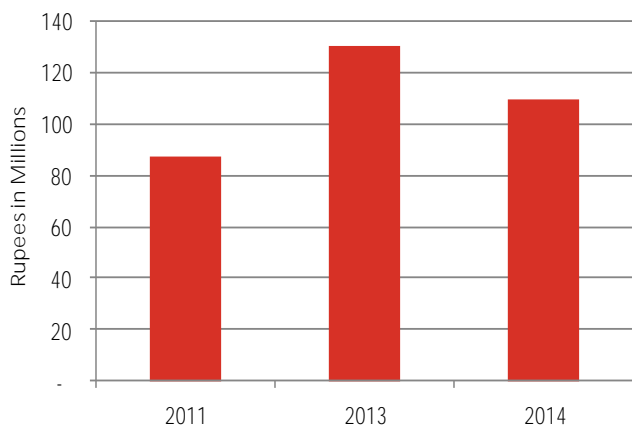


## Financial highlights

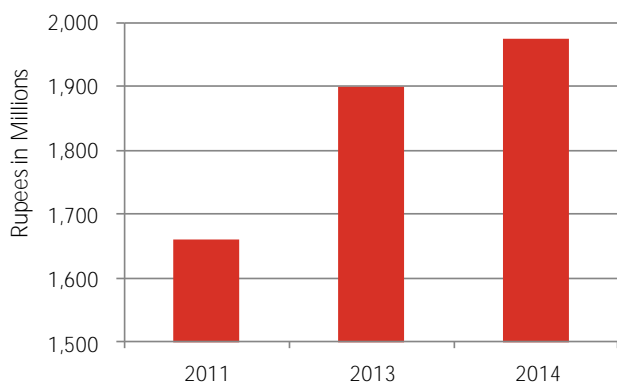
### Profit after tax



### Gross income



### Total assets





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