

Annual Report 2011-2012





Microfinance India Microfinance Organisation of the Year 2011

Microfinance India Awards instituted by ACCESS and supported by HSBC

Legal & Regulatory Framework

Ujjivan Financial Services Pvt. Ltd. is registered as a Non Banking Financial Company.

The Company has a valid Certificate of Registration dated 31-10-2005 issued by the Reserve Bank of India (RBI) under section 45 1A of the Reserve Bank of India Act, 1934.

However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayments of deposits / discharge of liabilities by the company.



Board of Directors

Mr. K. R. Ramamoorthy

Chairman

Mr. Samit Ghosh

Managing Director

Mr. Sunil Patel

Independent Director

Mr. S. Viswanatha Prasad

Nominee Director

Ms. Geeta Goel

Nominee Director

Mr. Christopher Miles Brookfield

Nominee Director

Mr. Mohit Bhatnagar

Nominee Director

Mr. Venkatesh Natarajan

Nominee Director

Mr. S.N.Gowan

Nominee Director

Mr. Sanjiv Kapur

Nominee Director

Ms. Vandana Vishwanathan

Independent Director

Auditors

Deloitte Haskins and Sells (Statutory)

V. Nagarajan & Co. (Internal)

Legal Counsel

Universal Legal







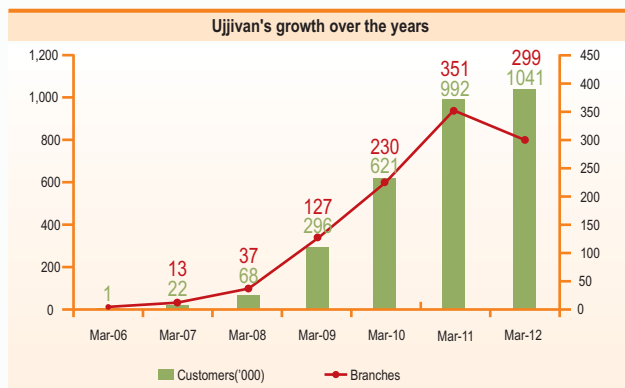
Table of Contents

▶ Letter from Managing Director	1
▶ Our Company, Our Customers.....	4
▶ Products & Services.....	8
▶ Brand & Communications	12
▶ Information Technology	14
▶ Service Quality	17
▶ Credit Performance	21
▶ Business Efficiency Program	24
▶ Funds Management	25
▶ Management Team	27
▶ Corporate Governance	30
▶ Management Discussion and Analysis	33
▶ Directors' Report	39
▶ Auditors' Report	42
▶ Financial Reports	45



Letter from Managing Director

The challenge we took up last year was 'for Ujjivan to emerge from the crisis stronger and be ready for a new world'. The first three quarters were dismal, as funding dried up forcing us to scale down our business. Despite overwhelming odds, we have finally put behind the industry crisis of last 18 months and closed the year crossing the million customer mark, increasing our loan book by 12.5% to Rs.7034 Million (Rs.6912 Million net of securitization) and with a modest profit of Rs.21.9 Million. In order to operate viably within the stringent Reserve Bank of India norms of interest and margin cap, we worked on improving our efficiency: reducing our branches from 351 to 299 through mergers and reduced the number of employees by 14% to 3449.



In order to be ready for the future, we have upgraded our information technology infrastructure – core banking system, such that all our branches are online. We are implementing a unique financial literacy program (FLP) for our customers. The first phase of which, was to make our million plus customers aware of the dangers of over borrowing and ghost lending – has been completed. The second phase, currently in progress, is a comprehensive FLP, starting from customer training on numerical literacy to training on prudent management of household & business cash flows. We are also putting in place a comprehensive customer grievance redressal system. We were recognized as the best large microfinance institution in India and we received record amount of debt and equity funding in the last quarter. This validates our recognition of being one of the 'most respected MFIs in India'.

We will not dwell on the past problems as we continue to work and emerge out from these. Our focus is now on the future: to the brave

new world of total financial inclusion. The big question is: Will we achieve financial inclusion by 2020 – a Millennium Development Goal as committed to by all countries? India accounts for a large portion of the 4 billion financially un-served. First we need to understand what we mean by financial inclusion. Is it merely a statistic? Or does it have real positive impact on people's lives? It is not about the 70 million no frills accounts opened by banks which are not actively used. It is not about one or two small microfinance loans given to 45 million microfinance customers. We checked the impact on customers after one or two loan cycles. The customers told us that their life was somewhat better and more importantly they were no longer scared of money lenders but they were not out of poverty.

India has had a long history of initiatives to bring about financial inclusion since our independence in 1947. The Reserve Bank of India and the Ministry of Finance have been obsessed with achieving financial inclusion in a series of programs starting with nationalization of the Imperial Bank to State Bank of India in 1955, introduction of the co-operative banks, nationalization of the major banks in the Sixties, introduction of Regional Rural Banks, Priority Sector Lending program, Self Help Group – Bank Linkage program, Banking Correspondent model, the No Frills account and some more. However, all these initiatives have met with limited success. As the Raghuram Rajan Committee on Financial Sector Reform pointed in 2008, it is not possible to achieve financial inclusion of 600 million, a mammoth task, only by regulatory or administrative fiat but by making the financial inclusion programs viable for all parties involved.

Till 1985, the middle class in India could only open a savings account and make fixed deposits. They were virtually excluded from all credit products. My father, a government doctor could only have built his home after retiring and getting his end of service benefits. In ten years since 1985, the Indian middle class has access to the entire gamut of financial services. This opened up the purchasing power of the 200 million and created enormous demand for two wheelers, cars, white goods and housing. This pushed India's GDP growth rate from the 'Hindu Rate' of 2% to world beater 8-9%. This is one of the major impacts of financial inclusion apart from dramatic improvements in the quality of lives of the middle class.



Can we provide the full gamut of financial services to the 600 million excluded in India: credit, savings, remittance, insurance and pension by 2020? It is possible with some pro-active action. The biggest challenge today in India is providing the poor an effective savings product.

It is critical to use mobile banking platform for financial inclusion. In India we have more than 930 million mobile subscribers of whom 313 million are in rural areas. There are silver linings and the bases have been created to make this goal achievable.

1. Reserve Bank of India's regulatory framework to protect the customers and the microfinance industry is in place
2. The Microfinance Bill which will pave the way for the future has been placed in the Parliament for enactment
3. Universal Identification (Aadhar) based on bio-metrics for all residents in India is in full swing along with opening of a no frills account for the excluded
4. Over 45 million microfinance customers' credit records have been up loaded with credit bureaus and updated monthly
5. Mobile banking platform and the Regulatory framework is in place for funds transfer through the Interbank Mobile Payment Services under the auspices of the National Payment Corporation of India. This will make financial transactions viable including the much needed remittance services
6. The micro-insurance for life coverage is already being provided to the poor through MFIs but the scope needs to be enlarged to include other types of insurance such as health

7. A start has been made on the micro-pension front through government promoted scheme
8. Specialized micro housing institutions have started to serve the poor.
9. The Self Help Group model of microfinance is already one of the largest in the world

Again, as recommended by the Raghuram Rajan Committee on Financial Sector reform, we need to:

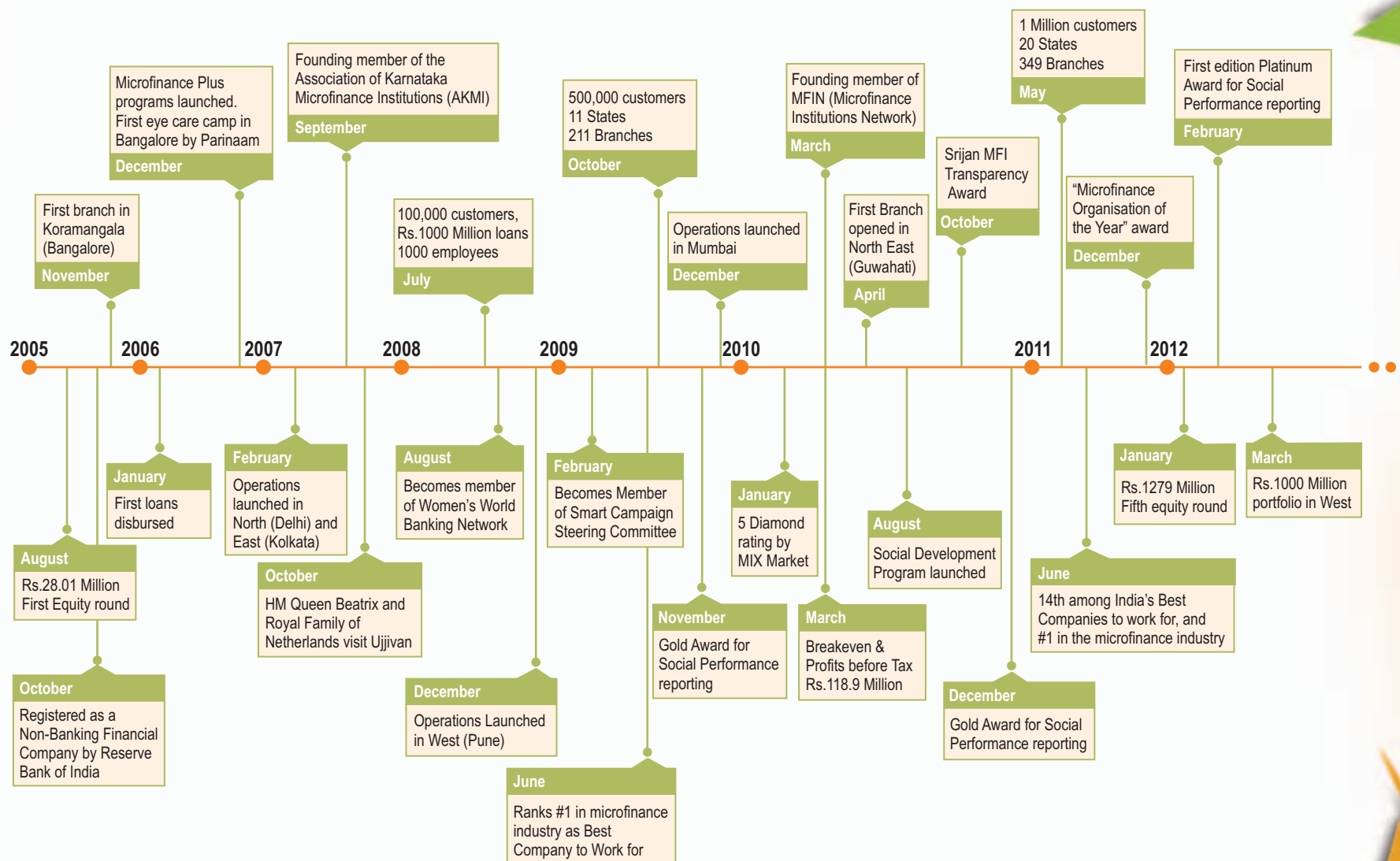
- ▶ Allow the NBFC-MFIs to be Banking Correspondents for savings and tie this up with mobile banking
- ▶ Issue licenses in the near future, for 'small' or 'limited service' banking, specifically for financial inclusion

If we are able to do this, I am hopeful that we will be able to achieve full financial inclusion by 2020; we have created the base; we only need to take the leap. Ujjivan will not deviate from the mission of providing financial services to the poor to better their lives. We will keep on tying up the various elements to provide a full range of financial services needed by the poor.

Samit Ghosh

May 31, 2012

Over the years ▶



Our Company, Our Customers

Ujjivan is a pioneering microfinance institution serving the economically active poor in urban and semi-urban areas. Set up in 2005, we have our headquarters in Bangalore, with regional offices in New Delhi, Kolkata and Pune. We have 299 branches in twenty states including 48 under-banked districts across India.

Our Mission

Provide financial services to the economically active poor to help alleviate poverty

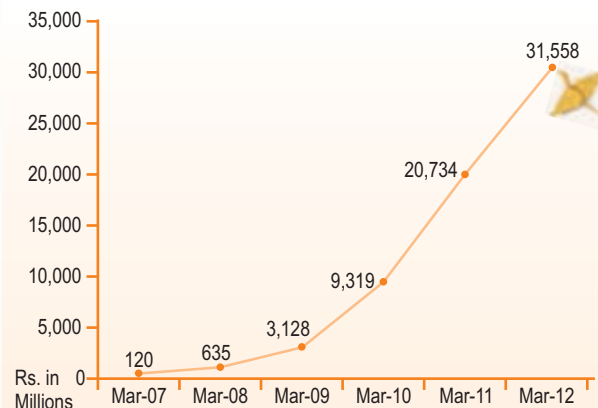
Goals

- ▶ Provide full range of financial services required by the customers
- ▶ Build an institution which is best in class in all aspects: customer service, innovation, efficiency, work place engagement, leadership, governance and reputation
- ▶ Operate a viable business to provide satisfactory returns for investors
- ▶ Provide professionally rewarding careers to employees and attract and retain quality talent
- ▶ Holistically approach poverty reduction, in partnership with Parinaam Foundation, through social welfare; healthcare, education, vocational training, community development, shelter, and disaster relief, to enable customers lead a "better life"

We provide a range of financial products and services to cover our customers' needs. Our business model combines the unique Grameen Bank methodology of selecting and servicing customers in the front end with that of technology, processes & disciplines of modern retail banking in the back end.

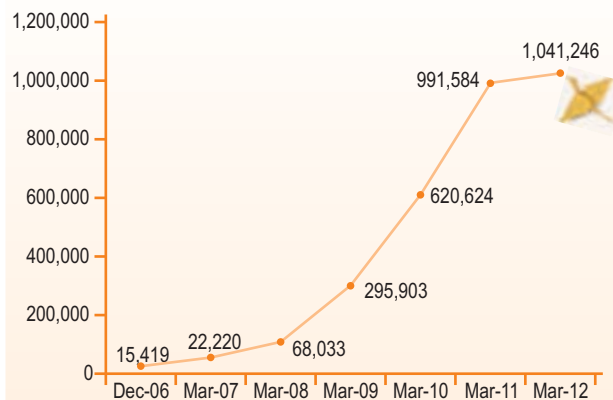
We have had an excellent growth and consolidation phase in the past few years. As on 31st March 2012 we have 3449 employees and a customer outreach of over 1.04 million with a cumulative disbursement of Rs.31558 million.

Loan Disbursement Growth

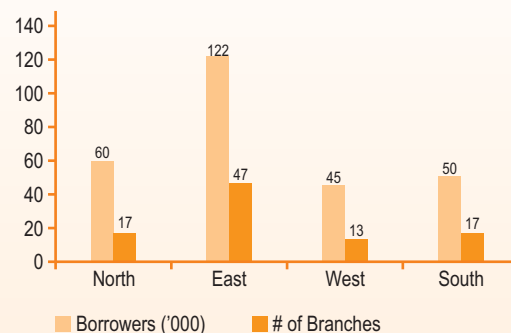


Ujjivan operates 94 branches with 634 field staff and 277,066 borrowers in 48 under-banked* districts (*as defined by Reserve Bank of India)

Customer Growth



Ujjivan in under-banked India



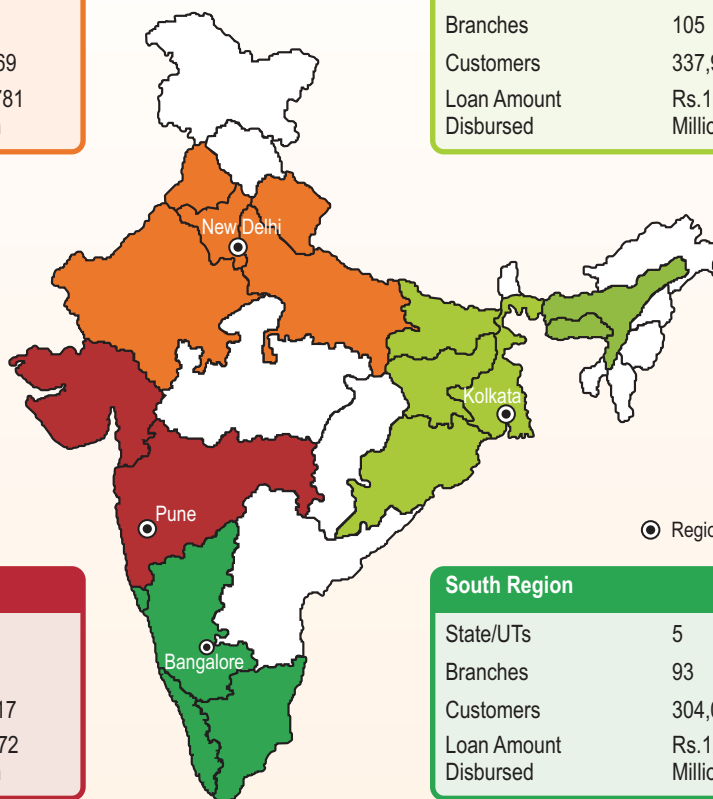
Geographical Outreach

North Region

States/UTs	7
Branches	56
Customers	239,969
Loan Amount Disbursed	Rs.5,781 Million

East Region

State/UTs	6
Branches	105
Customers	337,961
Loan Amount Disbursed	Rs.10,173 Million



● Regional Office

West Region

State/UTs	2
Branches	45
Customers	159,217
Loan Amount Disbursed	Rs.3372 Million

South Region

State/UTs	5
Branches	93
Customers	304,099
Loan Amount Disbursed	Rs.12,232 Million

States	20
Branches	299
Customers	1,041,246
Loan Amount Disbursed	Rs.31,558 Million

Ujjivan has operations in urban and semi-urban areas in 48 under-banked districts* of India with no presence in the state of Andhra Pradesh.

*(As per Reserve Bank of India's Master Circular No. DBOD.No. BL.BC. 8/22.01.001/2010-11, dated 1st July, 2010)

North	East	West	South
Chandigarh	Assam	Maharashtra	Karnataka
New Delhi	Bihar	Gujarat	Kerala
Haryana	Jharkhand		Tamil Nadu
Punjab	Meghalaya		Goa
Rajasthan	Orissa		Puducherry
Uttarakhand	West Bengal		
Uttar Pradesh			



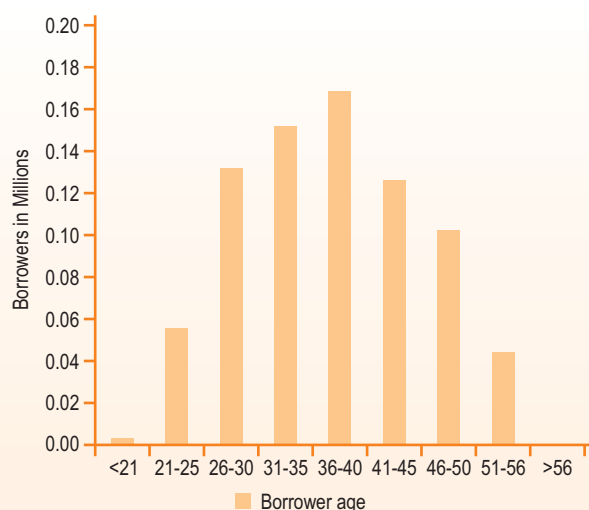
Our Customers ▶

Ujivan's customers are industrious, hard-working women from India's urban and semi-urban areas. They hold a variety of occupations, often owning small shops and tailoring businesses or are employed as housemaids or as piece rate workers.

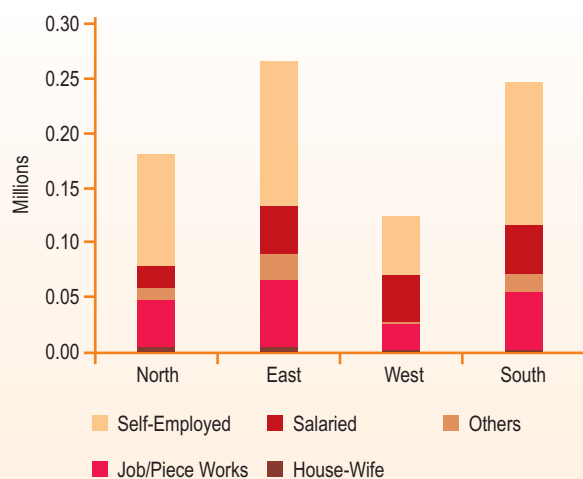
Majority customer occupations

- ▶ Animal husbandry
- ▶ Factory workers
- ▶ Grocery vendors
- ▶ Handwork
- ▶ Housemaids
- ▶ Milk supplier
- ▶ Petty traders
- ▶ Saree sellers
- ▶ Shopkeepers
- ▶ Tailors

Age-wise borrower spread



Occupation-wise regional spread



1. 图一 图二 图三 图四 图五 图六 图七 图八 图九 图十 图十一 图十二 图十三 图十四 图十五 图十六 图十七 图十八 图十九 图二十 图二十一 图二十二 图二十三 图二十四 图二十五 图二十六 图二十七 图二十八 图二十九 图三十 图三十一 图三十二 图三十三 图三十四 图三十五 图三十六 图三十七 图三十八 图三十九 图四十 图四十一 图四十二 图四十三 图四十四 图四十五 图四十六 图四十七 图四十八 图四十九 图五十 图五十一 图五十二 图五十三 图五十四 图五十五 图五十六 图五十七 图五十八 图五十九 图六十 图六十一 图六十二 图六十三 图六十四 图六十五 图六十六 图六十七 图六十八 图六十九 图七十 图七十一 图七十二 图七十三 图七十四 图七十五 图七十六 图七十七 图七十八 图七十九 图八十 图八十一 图八十二 图八十三 图八十四 图八十五 图八十六 图八十七 图八十八 图八十九 图九十 图九十一 图九十二 图九十三 图九十四 图九十五 图九十六 图九十七 图九十八 图九十九 图一百

उज्जीवन ने जुटाए
29 करोड़ रुपये

Reprints: contact A. J. Smith

Ujwani Financial Services, a microfinance institution based in urban Pune, has raised its 25-acre by way of private placement of shares worth Rs 200 million (NCD). With this transaction, Ujwani

each's handling through NID's rates to over \$6.64 a year in 2003-04.

15 years after that, there have been almost 200 cases, producing 45 under-finished (in 1989).

एकदिवसीय मैचों की श्रृंखला में भारतीय पक्षीयता बल्लिवन ने जीता-जायगीत। जिनके (एनसीटी) ने एनसीटी बल्लिवन के जाली बल्लिवन से 29 बल्लिवन बल्लिवन 28 बल्लिवन जीता की एनसीटी है। एनसीटी की एनसीटी बल्लिवन (बल्लिवन) या एनसीटी बल्लिवन है।

[illegible]

This is second biggest one-time capital infusion by PE players in local sector in two years.

THE UNIVERSITY OF CHICAGO

[illegible]

What is the
idea behind
your
company?
 We're a
 company
 that's
 focused
 on
 helping
 people
 who
 are
 looking
 for
 a
 way
 to
 make
 money
 online.

signed during its previous incarnation as *EastEnders*.

Despite a reported £100k wage increase, Goss says there will be a gradual reduction in the number of foreign and Italian producers used if he is to bring in one that produces at the same time as his own. He says the new producer must not be too busy.

There were some candidates in 1995, but Goss says the company's main target will be the country's most successful producers who have just finished 12 months' work. He said that the company had informed him of some 12,000 calls from a "vast number" of producers in 1995, the ITV boss.

[illegible][illegible]

Ujwal Financial Services, a leading urban-poor-focused microfinance institution (MFI) has raised \$25 crore through private placement of non-convertible debentures (NCDs). The NCD is listed with Bombay Stock Exchange. Sarat Ghosh, managing director, Ujwal said, "We continue to show consistent performance through a difficult period for the industry."



SAFETY KITCHEN
Franklin—Ministry of Transport
 Emergency—One of a number
 of 24-hour telephone numbers
 (Toll-free and Emergency Department
 and a long after number info)
Phone—If you don't know your
 emergency phone, call 911
 (see *Emergency* page)

I would never have to do anything remotely between Chicago's *Wicker Park*, *Shed*, *Factory of Fun*, and *Shed* (*Factory of Fun* is a group of microbusiness incubators [MBIs]—not their first second start).

Chicago is a slightly mad, really with its energy and its above-the-board in its own and its own. But of a more recent, however, in *Shed* University, studied recently, got into an MBIs, got to make a living. *The English* is a full-time. The other is a study and professional, as if it was changed by an architect who likes to be the best. At these universities, a more sense of beauty, and even to create a strong life.

Shed University, and *Shed* University

[illegible]

hemp. "Giffen's target is the noncommercially active urban poor. Marijuana is based on an old model—schools are comparatively low cost—and Giffen follows Giffen's model. Marijuana is older and bigger, and Giffen is relatively new and small."

Yes, Colorado and French cities had themselves on the same page in the marijuana three days. They are the new power base for the marijuana industry.

The message is simple. While most SFIs have been developing their business during the last two years, the remaining lines of both marijuana and cocaine have grown. Marijuana, in fact, overtook milk as the top SFI last year. Their recovery rates are still above 10 percent. With

One factor

Ujjain Financial Services, urban poor-focused microfinance institutions, has raised Rs.127.9 crore (US\$19.4 million) in Rs.100 crore round equity funding.

► With this round of equity funding, the last being in 2009, Ujjivan's capitalisation has more than doubled to Rs 230 crore.

Two new foreign institutional investors FMO (Netherlands Development Finance Company) and WLF (Willemsfonds Capital Partners) and existing investors have participated in the deal.

Mr. Henry Kaper, Managing Director, Wolfenden & Co. Ltd., said: "This is the first movement for Wolfenden in the Indian subcontinent sector, or anywhere else, for that matter."

Mr. Einar Olsson, Managing Director, Ulfason, said: "We welcome our two new partners. This round of equity funding will make Ulfason one of the best capitalized MFIs in the world."

Mr. Sergio Kaper, Managing Director, Worldbank India Address: P-12, Sakinaka, New Delhi-110011

This is the first move-over to microfinance sector, covering our both in the urban and in [Gujarat's] G. special in lower middle.

Mrs. Indira Gandhi, Union's Chief Financial Officer, indicated that the additional capital will help increase the loan bank from the current Rs 400 million to around Rs 1,000 crore given the Reserve Bank of India's 10 per cent capital adequacy requirement.

(NIPIC/MFI)

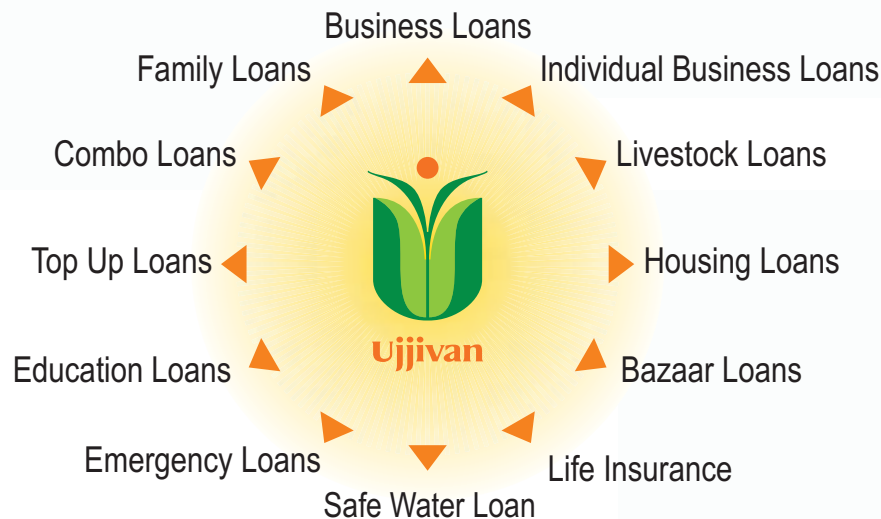
"We are very happy
work with Udon, which
constantly something
ways to better serve the
Ray poem.

Ujifene's meeting invitees who also participated in the fifth round of fundraising include Loh Capital, Inc., Financial Institution for African Advisors, Sequa Capital, MassMutual Life Corporation and Elevate Realty.

Figure 1

Products & Services

Ujjivan provides a basket of customised products to meet a wide range of customer needs. Products are continually designed and developed to enable families to build assets, generate income, protect themselves from sudden variations in their cash flow and to help them become self reliant.



Basic Loans		
Business Loan	Family Loan	Combo Loan
For diverse business needs such as for working capital, capital equipment expenditure, closure of high-cost debt taken for business purposes	For a range of family needs such as medical care, house repairs, social and religious obligations, and the closure of high-cost debt previously taken for family needs	Allows flexibility in using the finances for both family and business needs

Loan Amount : Rs.8,000 – Rs.25,000

Interest Rate : 26% p.a. declining balance

Tenure : 12 months/ 24 months

Processing fees : 1.12% of loan amount (inclusive of service tax)

Loans above Rs.15000 are of 24-month tenure with customers having the choice of two repayment options based on their credit history, capacity, and cash flow:

- ▶ **80 / 20 Plan:** 80% of total repayment in the first 12 months and balance 20% in 13-24 months
- ▶ **Equal Monthly Instalment Plan:** Repayments in equal instalments spread over the 24-month period



Business Top-up Loan

Sometimes, customers need additional money during the year to tide over sudden spikes in capital needs. This loan provides them additional financing over and above their initial loan and is given based on a satisfactory credit history.

- ▶ Loan Amount: Rs.3000 – Rs.6000
- ▶ Interest Rate: 26% p.a. declining balance
- ▶ Tenure: 9 months/ 36 weeks
- ▶ Processing Fee: 1.12% of loan amount (inclusive of ST*)

Value-Added Loans

Emergency Loan

This loan helps customers meet any unforeseen emergency requirements and is disbursed within 24 hours of request

- ▶ Loan Amount: Rs.2000
- ▶ Interest Rate: 25% p.a. declining balance
- ▶ Tenure: 6 months/ 24 weeks
- ▶ Processing fee: None

Education Loan

This is designed to finance the education expenses (admissions fees, text books, uniforms etc.) of children studying between Kindergarten and Class 12

- ▶ Loan Amount: Rs.3000 – Rs.10000
- ▶ Interest Rate: 26% p.a. declining balance
- ▶ Tenure: 12 months/ 48 weeks
- ▶ Processing fee: 1.12% of the loan amount (inclusive of ST)

Safe Water (Pure-It) Loan

Ujjivan and Parinaam Foundation have tied up with Hindustan Unilever (HUL) to facilitate access to safe water for customers. The partnership addresses health awareness through safe water education, availability through HUL distribution and servicing, and affordability through microfinancing of the Pureit water purifier

- ▶ Loan Amount: Rs.2200
- ▶ Interest Rate: Nil
- ▶ Tenure: 10 months/ 40 weeks
- ▶ Processing fee: None

Individual Loans

Individual Business Loan (IBL)**

This is a popular individual loan, which provides men and women business owners access to finances for working capital and asset improvement of their businesses.

- ▶ Loan Amount: Rs.10000 – Rs.100000
- ▶ Interest Rate: 30% p.a. declining balance
- ▶ Tenure: 6 – 24 months
- ▶ Processing Fee: 2.24% of loan amount (inclusive of ST)

Housing Loan**

This gives women financial access to pay for home improvements

- ▶ Loan Amount: Rs.21000 – Rs.75000
- ▶ Interest Rate: 24% p.a. declining balance
- ▶ Tenure: 12– 24 months
- ▶ Security Deposit: 10% of loan amount
- ▶ Processing Fee: 2.24% of loan amount (inclusive of ST)

Livestock Loan

This loan facilitates income enhancement by providing capital to livestock breeders for purchasing additional cattle.

- ▶ Loan Amount: Rs.15000 – Rs.35000
- ▶ Interest Rate: 26% p.a. declining balance
- ▶ Tenure: 24 months
- ▶ Processing Fee: 1.12% of loan amount (inclusive of ST)

Bazaar Loan**

Bazaar Loan is offered to clients operating in the local bazaar area for the purpose of business improvement

- ▶ Loan Amount: Rs.10000 – Rs.40000
- ▶ Interest Rate: 30% p.a. declining balance
- ▶ Tenure: 24-48 weeks
- ▶ Processing Fee: 2.24% of loan amount (inclusive of ST)

* ST= Service Tax

** These loans are not funded under Banks' 'Priority Sector Lending' and are exceptions under the 15% non-priority sector portfolio permitted by Reserve Bank of India for NBFC-MFIs



Approach for gradation of risks and charging of interest rates

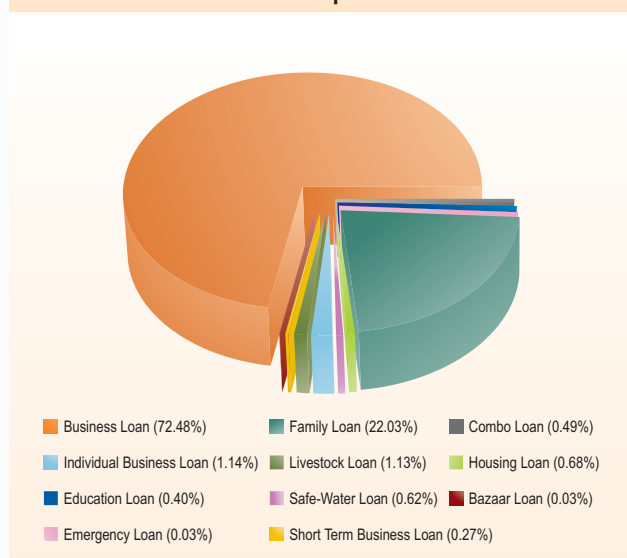
Even prior to regulations, Ujjivan had fair interest rates taking into account the customer segment, funding cost and credit risk. The interest rates, fees and other charges of our products and services are determined from time to time based on customer occupation, prevailing market rates and organizational capacity, and are in compliance with the new Reserve Bank of India regulations for NBFC-MFIs. These charges are duly discussed, approved by Management and the Board, and subsequently communicated transparently to customers, through various channels, prior to implementation. All our pricing data is voluntarily provided to MfTransparency for public information.

Rs.36.8 million and helped disburse Rs.109.4 million in claim amounts to nominees and family members.

Life Insurance coverage (1st April 2011 to 31st March 2012)

Region	Customers	Spouses	Total
North	208142	163835	371977
East	268107	228207	496314
West	137714	64967	202681
South	300602	168999	469601
All India	914565	626008	1540573

Portfolio Breakup in 2011-2012



Particulars	All India (Rs.)
Customer claims settled	2018
Spouse claims settled	3067
Amount disbursed among nominees	109.4 million
Loan amount adjusted from the claim	36.81 million
Customer families benefitted by Funeral Advance*	344
Amount given as funeral advance	688000
Mortality rate (per 1000 insured)	1.45

*Rs.2000 is provided immediately to the family at the time of bereavement. This is later adjusted against the claim amount.

Life Insurance

We introduced life insurance for our customers in 2009 and subsequently offered it for their spouses as well. In the unfortunate event of natural or accidental death of the customer or spouse, the insurance amount helps the nominee/beneficiary cover the existing loan as well as receive the benefits of a life cover.

We have partnered with Bajaj Allianz Life Insurance to offer a Group Term Life (GTL) Insurance policy, with different insurance schemes based on loan type and repayment mode.

In 2011-12, we insured over 1.5 million customers and spouses, and settled over 5000 death claims. Ujjivan recovered loans of



No.1 in Microfinance Industry as Best Company to Work For



Ranked # 1 in Microfinance industry

At Ujjivan all our employees are passionately committed to our mission of providing financial services to the poor and are excited to turn this into reality. We can deliver outstanding financial service to our customers only when our employees have great workplace engagement.



Ujjivan ranked #1 as the Best Company to Work for in the Microfinance Industry and 14th overall across all industries, in the 2011 “India's Best Companies to Work for” survey. This is the second time that we received this distinction.

Based on best practices and employee feedback, the study is conducted by the Great Place to Work® Institute (India) in collaboration with The Economic Times. The survey evaluated and compared organizations spanning various sizes and sectors on work place related parameters such as credibility of leadership, respect for individuality and contribution, fairness and transparency in practices and processes, work-life balance, camaraderie and a sense of belonging.



Brand & Communications

Many organizations in the microfinance sector now find themselves undergoing “transformation”. Whether it's new customers, existing customers, employees, investors, regulatory authorities, or the general public, our relationship with each has its own fine distinctions and challenges.

A large number of our customers are illiterate or semi-literate. They navigate the world in a visual way, looking out for clues like images (logos), colour combinations, design styles. They have learnt which brands are trustworthy through the continuous and consistent exposure they have had to them, and by word-of-mouth. Microfinance brands have unique characteristics that differentiate us from other organizations and must be managed to appeal to customers, the communities we work with, the investors that support us, the governments that facilitate our existence and regulate our operations.

Key Characteristics of a Microfinance Institution Brand

- ▶ Open and friendly
- ▶ Relatively informal and flexible structure
- ▶ Social purpose: valued, not only for the ability to realize profits, but the ability to impact society positively
- ▶ Close to clients, building relationships that go beyond financial transactions

Launch of “Brand Ujjivan”

Earlier, Ujjivan didn't have the benefit of real consistency in the way it tells the outside world about itself. In 2011-12 we embarked on creating a formal Corporate Communication framework, setting up branding guidelines, streamlining logos, standardizing communication templates and re-launching “Brand Ujjivan”.

Logo

We touched up, standardized, and scaled our logo, symbols and brand promise – “build a better life” – which visually represent Ujjivan.

Talking the customer's language

Logos in regional languages

Even as far as the microfinance industry is concerned, it is unique for an organisation to own 10 different and yet consistent logos in vernacular languages. It was painstaking work to choose the right font, the right contextual translation ensure a local culture fit and the right representation.



Corporate Logo



Kannada



Hindi



Tamil



Marathi



Malayalam



Bengali



Oriya



Khasi



Gujarati



Assamese

Prominent Branch Signage

Outdoor signage plays a critical role in relationship communications – it being one of the first points of contact for an organisation with the customer. Our new branch signage is bright, eye catching, and made relevant for the customer.

Printed stationery

All our customer communication material and corporate stationery – from letterheads to loan forms – have been modernized, and standardized with customisable elements for flexibility and scalability.

Model branches

Brightly coloured and equipped with modern facilities based on the principles of good workspace ergonomics, these new



branches underscore Ujjivan's focus on the customers' and field staff's needs for comfort, convenience and security.

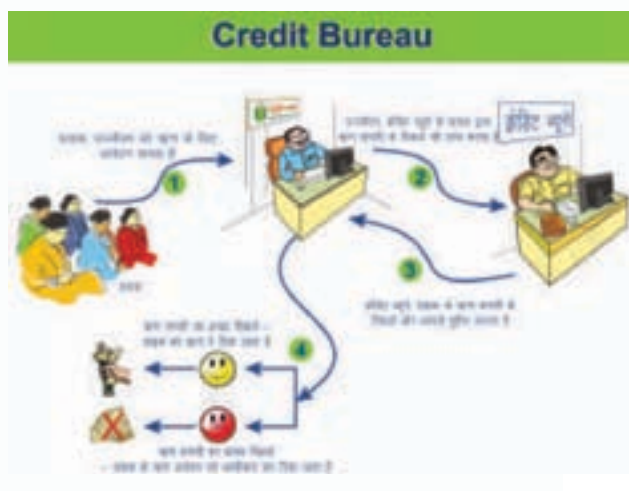
Corporate Communications

Ujjivan voluntarily, regularly and frequently discloses information on all facets of the organization and operations through several communication channels.

Product and Credit Bureau communication

We are one of the first microfinance institutions in India to publicize comprehensive organisational and loan information to our customers in the form of leaflets in vernacular languages. This is as part of our 3-day Compulsory Customer Group Training, or CGT for short, conducted by our field staff.

Post-crisis, Ujjivan was one of the first to share customer data with the Credit Bureaus. The concept of Credit Bureau was explained



to customers through simple visuals and interactive discussions.

Website and Annual Report

We are the first in the industry to have a double bottom line Annual Report and our regularly updated website contains comprehensive and detailed information on organisational developments and our products.

Our Electronic Monthly Updates to external and internal stakeholders contains information on business performance for the month and other organization-wide activities. Ujjivan also publishes and disseminates a half-yearly financial report to all industry stakeholders and associations.

Microfinance Information Exchange (MIX)

We are proactive in reportage of financial and organizational performance to the MIX Market website, winning two Gold awards and one Platinum award in Social Performance Reporting.

Social Media

Ujjivan has only recently begun using the social media space to communicate with stakeholders. Our official Facebook page (facebook.com/Ujjivanmicrofin) and Twitter accounts (twitter.com/UjjivanMFI) already has several fans and followers. Our focus in 2012-13 is to enhance and expand our presence in this space.

Internal Communications

Ujjivan actively uses mobile media to efficiently communicate with staff, regularly sending SMS updates on salary credits, information on internal vacancies, appeals for disaster-relief etc. Our regional employee newsletters are independently managed and published quarterly by core regional employee teams with editorial contributions from field staff and even customers.

The launch of **U.Connect**—our intranet, was a major milestone for the organisation. Over 1500 employees at the branches and regional offices log in to the intranet every day to access, share and download information, forms, presentations, photos etc. Ujjivan has conducted field staff feedback surveys and even customer surveys (administered by our Customer Care Representatives) using web forms on the intranet.

A significant add-on to the intranet in 2011-12 has been the **Employee Blog and Forum**, where staff members share their experiences and opinions, submit ideas, and carry on interactions pan-India.

In 2012-13 we will undertake more initiatives in expanding our communication channels. One of the key projects this year is that of implementing a framework for mobile communication with customers through voice and SMS. Communication will include intimation on new regulatory changes, loan repayment amounts and dates, organisational developments etc. We have to meet the challenges and work within the restrictions of the prevalent telecom regulatory framework, customer literacy and language proficiency levels. This will be the precursor to launching m-banking for our customers in the foreseeable future.



Information Technology

Strong IT infrastructure remains the backbone of Ujjivan's ability to efficiently deliver financial services to its customers.

Our state-of-the-art Data Centre with SAN architecture for data storage and redundancy meet our future technology needs. It supports applications across the organization and is housed in a custom-built, temperature controlled environment at the Head Office in Bangalore.

Our Core Banking Solution (CBS) is structured around the most important component of our business – the customer. It is a platform where communication technology and information technology are merged to suit core requirements in providing financial services.

Upgrade to BankersRealm.Net (BR.Net)

Our new Core Banking Solution helps overcome operational problems faced by MFIs such as low bandwidth, large transaction volumes, vulnerable database security etc. It is platform independent and loan modules are fully integrated with financial accounting, also supporting mobile transactions at the field level. BR.Net is based on open delivery concept allowing a more secure interface to third party delivery channels such as ATM, SWIFT and Internet Banking.

Roll-out at branches

By March 2012, IT and Operations successfully rolled out CBS in 248 branches. With remaining 51 branches scheduled to be completed by June 2012, all our branches will be online.

CBS rollout has helped in:

- ▶ Online update of cash transactions, reducing turnaround time
- ▶ Reduction in operational errors
- ▶ Branch-level checks on customer credit history
- ▶ Netting off transactions

Infrastructure limitations with regard to internet connectivity and power supply were critical factors in facilitating access to branches. Fibre optic and wireless internet connectivity was set up at branches while a minimum 5 hours power stand-by was provided to branches through high capacity inverters and generators.

Workflow management and Document Management Systems (DMS)

As we continue to grow, capture more data, and undertake new processes to meet regulatory requirements, the seamless management of this data assumes critical proportions. Towards building efficiencies in our operations and processes, and reducing costs, we have begun implementation of organisation-wide DMS.

The 4-module Document Management System:


- ▶ Web-based Loan application tracker helps in real-time status checks and two-way information exchange between branches and back office
- ▶ Scan & Data entry helps reduce processing time and cost, also allowing for spot quality checks on mass scale
- ▶ Document management and workflow helps in automation of loan processing, also facilitating instant check ups on customer profile and history
- ▶ Integration with Core Banking Solution and Credit Bureau facilitates quick credit approvals

DMS implementation of scanning, storage and retrieval has already been completed in several departments:

- ▶ **HR:** Employee related documents from joining docket to final settlement
- ▶ **Admin:** Rental agreements, payment receipts, licenses and other agreement documents
- ▶ **Audit:** Branch audit documents, internal and external Audit Reports
- ▶ **Finance:** Purchase Orders, Company license documents, Bank statements
- ▶ **Operations:** KYC Documents, loan applications and other loan processing related documents

New IT policies based on COBIT framework

COBIT is an IT governance framework and supporting toolset that allows management to bridge the gap between control requirements, technical issues and business risks. It enables good practices for IT control, emphasizing regulatory compliance,



and increasing the value attained from IT. The new policies were developed in 2011-12 and implementation has begun.

Human Resource Information System (HRIS)

With a large staff base, employee information management is critical for MFIs. Ujjivan has a bio-metric system for tracking attendance of its employees. The HRIS helps maintain personnel records, payroll management and in leave/absence scheduling, thus reducing manual documentation work for employees and the HR team.

Hand-held device pilot

Ujjivan in partnership with Artoo IT Solutions conducted a pilot on feasibility of using hand held devices (touch screen tablets) by field staff for diverse field level microfinance activities such as filling customer loan applications, posting transactions etc. The results of the pilot were encouraging – a 35% increase in productivity and a reduced loan turnaround time of 2 days.



Fixed Asset Management System (FAMS)

With nearly 300 branches and 4 Regional Offices across India, maintaining fixed asset details is a huge task. FAMS saves time in collating, storing and managing complex data and in generating customized reports.

Communication and Network

- ▶ Secure VPN Access to branches and remote users with failover link for uninterrupted access to CBS and emails
- ▶ Video conferencing at 4 Regional Offices for reduction in travel cost and time.

Ujjivan continues to adopt cutting edge technology applications to support its operations with scalability, efficient control and cost benefits.



Microfinance Organisation of the Year 2011




It is an honour to be recognized by distinguished industry experts for our tireless work on the mission to achieve financial inclusion in the country. At the Microfinance India Summit in December, Ujjivan received the prestigious 'Microfinance Organisation of the Year' award in the large institutions category.

The award recognises the larger contribution of an institution to the microfinance sector – one which has emerged as a leader, exhibiting balanced responsible growth, promoting transparency, following pro-client lending practices, and above all, creating a

sustainable impact on under-served communities.

Our dedicated customer care and product innovations such as education loan, the unique education loan interest refund program and the financial literacy program run in collaboration with non-profit Parinaam Foundation received special mention.

This award is the foremost recognition by the industry for the best all round performance by a microfinance institution in India on the basis of performance in growth, quality of governance, social performance, innovation and promotion of responsible finance.



Service Quality

The focus in 2011-12, for the Service Quality team was to amplify its key functions such as expansion of customer care and customer retention program, widening the reach of financial literacy for customers, implementing best practices in client protection and strengthening the customer grievance redressal mechanism. The Service Quality team has also been involved in various process improvement projects under “Business Efficiency Program” viz, extending repayment window for customers, supporting rollout of core banking solution at branches and streamlining customer and employee data base.

Sankalp: A financial awareness film

Post-crisis in 2010, Ujjivan embarked on resolving the main issues and problems faced by customers and generally prevalent in the industry. With the help of grants from Unitus and Lok Foundation, Ujjivan developed a Financial Literacy Program focused on creating financial awareness and preventing malpractices in the sector. The first part of this program was developing an awareness film for customers and staff.

Sankalp – available in 10 Indian languages – consists of two videos based on real life customer case studies, highlighting the problems and dangers of two of the most prevalent malpractices – over borrowing and ghost (sub) lending. The film also introduces the concept of a credit bureau and emphasizes on the importance of building a positive credit history. Presented in a TV soap format, the film has had tremendous impact on the customers.

The film has been watched by nearly one million customers, on local cable television channels and screenings at client meetings, where it is followed by a guided discussion. The film is now mandatory for all new clients and staff.

Sankalp outreach in Q1 & Q2

This financial awareness film served as a case study in the State of Practice report from the Center for Financial Inclusion on Client Protection in Microfinance. It is showcased as an approach to counter the dangers of over-indebtedness, one of the client protection principles.

“...the film explains the concept and importance of a credit bureau, and the importance of building a positive credit history. This effort to educate clients about the concept of a credit bureau distinguished Ujjivan from its peers.”

Events	Outreach
Centre Leader functions	94 functions 47,532 customers
Centre Meeting	13,806 shows 2,01,506 customers
Cable TV	95 branches / 37 cities / 15 TV channels 351,433 customers
Special screenings	3 programs 3,954 customers
Total customers covered	6,04,425
Total population covered	20,836,359 (approx.)

Diksha: A financial literacy program

The success of the Sankalp film and its positive impact on over 600,000 customers necessitated a follow up comprehensive financial training program for them. Ujjivan and Parinaam Foundation, its strategic partner for microfinance-plus services, developed a structured training program on debt management, based on prevalent general literacy and financial literacy levels.

The Diksha program is conducted on a voluntary basis for customers. This is an in-depth training that enables customers to sharpen their numerical skills using a calculator, managing of household cash flows using a financial diary, and helps them gauge their debt servicing capacity through an understanding of the pros & cons of different types of debt.

Pilot program

Parinaam Foundation conducted pilot training programs for 484 customers at four branches, 2 each in urban and semi urban

Diksha pilot program outreach	
No. of customers who completed the program and certified financially literate	372
No. of savings accounts opened	232
Documentation / pending bank process	65



areas. The pilot included training on 5 modules, certifying customers on successful completion of the training, opening a savings bank account and impact study at frequent intervals.

The five modules of the Diksha Financial Literacy Program:

- 1) Importance of financial planning
- 2) Planning of finances methodology
- 3) Methods of saving
- 4) Managing borrowings
- 5) Recap, test and certification

Customer Retention Program

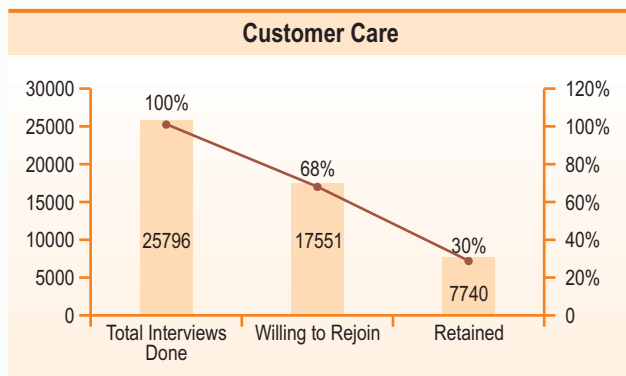
Customer Care

We implemented this program through Customer Care Representatives (CCRs) who are appointed at matured branches. Customer interviews were conducted for potential dropout customers by CCRs. The objective of the interviews was to understand why customers are dropping out and retain those who are creditworthy. This will enable us to have a relook at our products, processes and quality of services

Approximately 10,000 customers who were interested in continuing with Ujjivan were not retained due to various reasons such as their multiple borrowing and negative credit history.

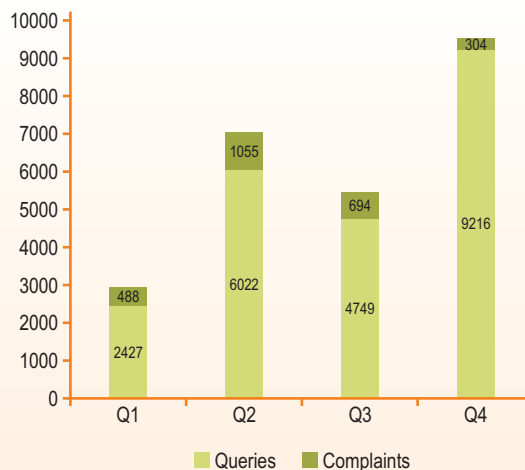
Customer Enquiry and Complaint Management

Our CCRs (at branches) and helpdesk executives (in each region) addressed and provided timely resolutions for nearly 25,000 customer queries/complaints.



Note: Customer complaints volume (see green bar) is high in Q2 and Q3 due to unusual delays in loan disbursements because of funds crunch

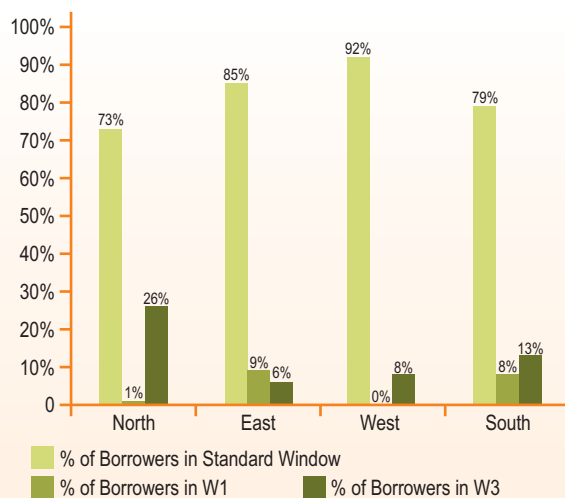
Customer Queries & Complaints



Extension of Repayment Window

Since inception we have followed a standard monthly repayment collection window for customers. Customers pay their installment on an agreed week day between 10th and 16th of a given month. The new core banking system allows us to have 3 different windows (3rd to 9th, 10th to 16th & 17th to 23rd) in a month so that customers can choose their preferred date as per their cash flow and convenience. We undertook rollout of repayment window program to improve branch efficiency and productivity.

Borrowers spread across Repayment Windows





Benefits of the repayment window extension program

- ▶ Improved staff efficiency, more borrowers per CRS
- ▶ Reduced cash management risk
- ▶ Borrower convenience: choosing their preferred repayment week as per their cash flow
- ▶ Increased back-end productivity as loan applications is spread evenly over the month
- ▶ Better customer service, reduced 'loan turn-around time'

Program status

- ▶ Branches covered for rollout: 198
- ▶ Customer centres: 8329
- ▶ Customers in new windows: 1,80,708

A significant majority (81%) of our borrowers make repayments in the second week of the month, 13% in the third week and only 6% in the first week of the month.

Fair Practices Code, Code of Conduct and Grievance Redressal Mechanism

Ujjivan has adopted the Fair Practices Code advocated by the Reserve Bank of India (RBI) as well as the Fair Practices Code and Client Protection principles formulated jointly by the Microfinance Institutions Network (MFIN) and Sa-Dhan. Ujjivan also endorses Smart Campaign, a global initiative by ACCION on client protection principles, sharing and learning from Best Practices worldwide.

The policy of the company focuses on fair practice with borrowers including promoting transparency, reliability, self-discipline, data sharing, recruitment practices, whistle blower protection and enforcement mechanisms. All the Board Members and senior management personnel have affirmed their compliance with the Fair Practice Code.

Implementation of a full pledged Fair Practices Code (FPC) and Grievance Redressal Process (GRP) are key initiatives in 2012-13. We will undertake number of activities to ensure that we are fully in compliance with RBI guidelines on FPC and client protection principles advocated by industry and Smart Campaign. Developing appropriate policies and enforcement of the Code of Conduct through staff and client education will be critical in the implementation of FPC.

Some of our action plans for implementation of Fair Practices Code and Code of Conduct are:

- ▶ Displaying revised FPC & GRP at all branch premises in vernacular language and on website
- ▶ Including the requirements of RBI's Fair Practices Code in loan agreements and other documents
- ▶ Adopting RBI's and MFIN-Sa-Dhan's guidelines on recruitment, training and supervision of field staff
- ▶ Enhancing the scope of Grievance Redressal Policy to reach out to all our customers
- ▶ Implementing Whistle Blower policy
- ▶ Diversifying communication channels for customer grievances e.g. customer walk-ins, call-ins, external agencies
- ▶ Conducting periodic compliance checks and reporting to management team and Board
- ▶ Reviewing customer grievances at various levels of management and board
- ▶ Educating clients and training staff on new guidelines and practices followed by assessment studies




MIX Platinum Award for Social Performance reporting



Since inception we have been steadfastly committed to our social mission and double bottom line as a microfinance institution. For the past two consecutive years, Ujjivan has won the MIX Gold Award for Social Performance reporting.

This commitment to the larger social mission received further recognition when Ujjivan won the first ever edition of the Platinum Award for Social Performance Reporting – the only organization from India to earn this particular distinction. The award is presented by MIX (Microfinance Information Exchange) in collaboration with CGAP, Ford Foundation and Michael & Susan Dell Foundation.

Among other criteria, the award is based on commitment to achieve social goals in addition to financial sustainability, poverty measurement, assessment on new social performance indicators and demonstrated social change related to the organisation mission.



Credit Performance

The last FY presented the toughest roadway for the microfinance industry. Amidst the industry crisis, Ujjivan's belief: 'when the going gets tough, the tough get going' persisted strongly throughout the strategic change management process. We emerged stronger during the year, thanks to our long term assessment on credit, robust policies and meticulous execution plans. The year closed with a repayment rate of 98.32% symbolizing our solid asset quality.

Portfolio quality improved during the year and PAR (Portfolio-at-risk) decreased to 1.33% (March 2012) from 1.48% (March 2011). Pockets in Tamil Nadu, Odisha and West Bengal which initially exhibited undesirable portfolio trends stabilized during the year. Over-indebtedness as a result of excessive borrowings by customers due to undisciplined lending and excessive competition among MFIs impacted portfolio quality. Branches in Ranchi encountered unforeseen Government demolition drive with adverse impact on almost 1000 customers. Ujjivan was the first organization to extend relief to them in terms of financial support and rescheduling of existing loans. Effective control mechanisms were put in place immediately to curtail the damage. Similarly branches in Tamil Nadu and Bihar faced with natural disaster (cyclones and floods) impacting the livelihood of our customers. Ujjivan actively reached out to help them by providing food grains and one-month repayment holiday. There was no deterioration in portfolio quality.

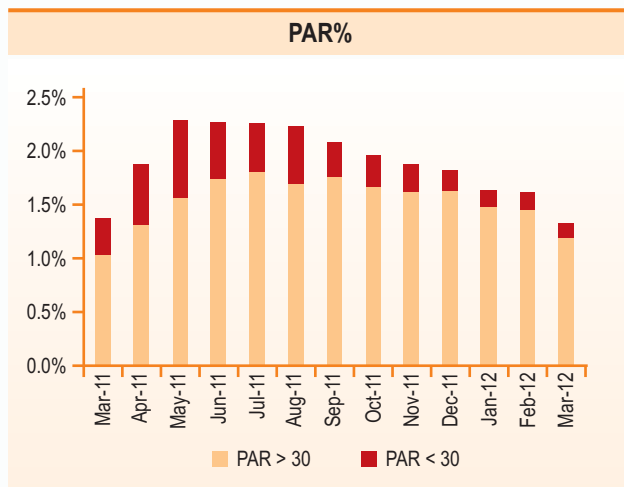
Significant measures were undertaken to cope with crisis-hit branches:

- ▶ Setting up of Risk Management Committee
- ▶ Branch-wise action plans/policies to cope with the changing environment
- ▶ Strategic supervisory level changes
- ▶ Mentorship program for stressed branches
- ▶ Setting up of Collections Management team across South & East regions
- ▶ Re-schedulement option extended to customers facing genuine economic distress
- ▶ Fresh loan approvals at credit

All other states indicated a healthy trend in portfolio quality growth.

Performance at a glance

Particulars	Mar 12
PAR (Rs.Million)	93.6
PAR (%)	1.33%
Repayment Rate	98.32%
Annual Sub-Standard Credit Provision (Rs.Million)	33.8
Write offs (Rs.Million)	22.1
Bad Debts recovered (Rs.Million)	1.1



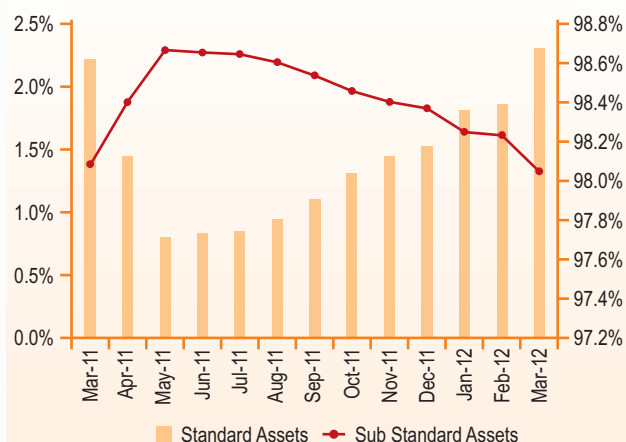
Credit performance worsened during Q1 of FY2011-12 due to the industry crisis. Quick response to the situation with appropriate action resulted in PAR reduction during the later months of the year.

Financial literacy through screening of Sankalp, a film facilitating economic awareness has largely helped our customers understand the perils of multiple borrowing and ghost lending.

The **collections management** (special vehicle of credit) initiative enabled close supervision of default cases since follow-ups start from Day one. Based on daily reports, a dedicated backend team follows up with the branches to ensure quick collections. Special focus was given to collection of *first time overdue* cases to minimize deterioration of sub-standard assets.



Asset Quality %



Implementation of the MFI **Credit Bureau** was one of the key initiatives for the industry and Ujjivan has been in the forefront. Ujjivan shares customer data monthly with all three bureaus: Highmark, CIBIL and Equifax. A robust process is in place for relevant data capture, data sharing and data extraction. All loan proposals have to mandatorily go through end-to-end client information checks with credit bureau databases to ensure credit risk management and quality portfolio growth.

Credit Bureau Checks

Particulars	North	East	West	South	All India
No of enquiries	132,181	174,529	80,755	154,156	541,621
No of matches: DPD* in other MFIs <small>*Days Past Due</small>	717	2083	1033	4249	8082
No. of matches: Customers with more than Rs.50000 outstanding	28	-	996	3475	4499
No. of matches: Customers with loans from more than 2 MFIs	1542	1742	1512	4802	12043
Loans rejected due to negative matches	1669	3825	2291	6218	14003
Rejection %	1.3	2.2	3.0	4.0	2.6

Credit Bureau

MFIs in India, through its apex industry body MFIN (Microfinance Institutions Network) took up the initiative of setting up a Credit Bureau for microfinance clients on a war-footing immediately after October 2010 crisis. Although a Credit Bureau for the sector was under discussion since 2008, it was the crisis that acted as a catalyst in bringing this idea in to reality.

Ujjivan was a vocal supporter of a Credit Bureau for many years and actively involved in its development.

Although the implementation of Credit Bureau process had its own share of problems and challenges, we were able to put in place a strong internal process for relevant data capturing, sharing and extraction. In line with credit bureau requirements, we modified our Customer Profile and Loan Applications, and every month we share our updated customer data with the bureaus. Currently 77 MFIs have provided their data to Highmark, which has 43 million borrowers' data with 76 million account details.

Apart from helping us improve our portfolio quality by filtering out problem cases, Credit Bureau has also helped improve our data quality, documentation, and understanding of customer behaviour. Customers have started realizing the importance of having a good credit history for availing of loans. There are instances of customers voluntarily clearing their over dues with us since they were refused loans by other MFIs due to their defaults. Credit Bureau's utility goes beyond it being a credit risk management tool; it can also be used for business development by identifying white spot locations – areas which continue to be financially under served.

As the Chinese proverb goes "Even the world's longest journey begins with a small step", the microfinance industry has taken a small but decisive step in the right direction which, in the long run will benefit the industry, and the people it serves.



Another key initiative during the year was piloting the My Loan which is an adaptation of the Grameen-II model. The fundamental pillar of the Grameen model – social pressure through group guarantee, turned out to be a huge burden on customers. Our study of distressed customers in higher loan cycles revealed that it is the group which creates tremendous pressure on a defaulting member. This is because it is very difficult for the group to take on the additional burden of servicing loans of defaulting members when the loan sizes are large. This creates tension within the group, aggressive behaviour, and humiliation in front of society for the defaulter. This sometimes leads the defaulting customers to take recourse to drastic measures such as suicide.

To address this issue, in our 'My Loan' initiative, group guarantee is limited only to the group ensuring that member customers attend centre meetings. The financial liability of default customers is not borne by other group members. Customers are responsible for their own repayments while the group ensures that all members are present at the repayment centre meetings. The group has limited responsibility to help in case of absconding customers and deliberate defaulters.

The pilot was kicked off in June 2011 and implemented in 40 branches across the regions.

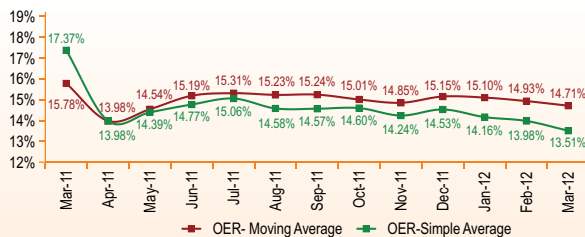
Particulars	North	East	West	South	All India
No. of customers	47	1626	14	2905	4592
Loans disbursed (million)	0.95	24.8	0.25	56.3	82.3
No. of branches	4	10	3	23	40
No. of overdue accounts	0	0	0	0	0

Last but not the least, Ujjivan is fully compliant with the RBI regulations and credit risk mitigation has been possible due to strict adherence to the 2-MFI rule, compulsory collection of customer KYC documents (ID & Address proofs) and mandatory bureau checks. The other factor which has worked in favour of Ujjivan's risk management is its geographical diversification which has to a large extent curtailed regional concentration risks.

Business Efficiency Program

The Business Efficiency Program (BEP) launched in July 2011, was an initiative to improve productivity of our branches and field staff, streamline our expenses and reduce our OER through business consolidation and technology infusion. Since then there has been a continuous downward OER trend, which stood at 14.7% in March 2012, lower than 15.8% in March 2011.

Operating Expense Ratio



The key projects undertaken as part of the BEP were:

Branch and Customer Centre mergers

The criteria for these mergers were geographical proximity, scope for improvement in productivity and portfolio quality, and growth prospects. Customer centres with less than 25 members were merged. As a result, a saving of Rs 2.35 Million was made on branch rental expenses. There was a significant reduction in branch related administrative expenses. Our borrowers per CRS (Customer Relationship Staff) increased by 24%. A total of 52 branches were merged successfully: 17 (South), 13 (North), 19 (East), 3 (West).

Core Banking Solution upgrade implementation

Core Banking Solution (CBS) enabled our branches to upload closure information daily after repayment processing. This brought down cash tally slip updating process turn-around-time to zero. It also facilitated efficient monitoring at branches and a consequent reduction in cash handling charges.

By April we had successfully implemented the solution in 269 branches. We expect to have all our branches online by June 2012.

Repayment Window extension

This project aimed at extending customer repayment window from one (10th – 16th) to three weeks (3rd – 23rd) in a month. It's a very slow process requiring extensive field training, customer buy-in and technical support to enable the migration. It provides our customers with an option to choose a convenient date for

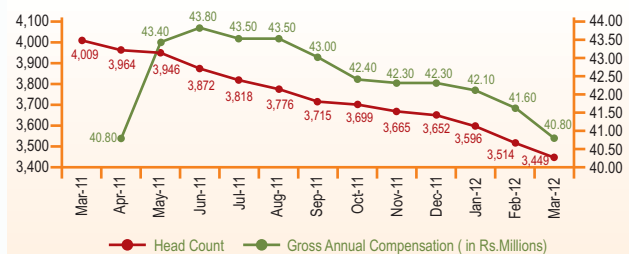
repayment. It also allows our CRSs to have better customer focus and more face time with our customers through improved centre meeting scheduling and route planning. On the cash management front, spreading out of collections over the month facilitates a streamlined execution of backend processes throughout the month.

In FY 2011-12, we extended repayment windows in 198 branches and migrated 17% of our borrowers to a different convenient repayment date.

Staff optimization

Branch mergers enabled optimization of field and other support staff. In line with the branch mergers, the number of field staff reduced from 2,328 in March 2011 to 1,873 in March 2012. This helped us bring down personnel costs by Rs 14.4 Million. The CBS roll out made it possible to reduce staff in Account Maintenance & Repayment Processing teams in Regional Offices. On the other hand, Audit, Vigilance and Credit departments were strengthened for better internal controls and manage critical business needs.

Staff Optimization & Personnel Cost Reduction



An overall 14% head count reduction to 3,449 in FY 2011-12 helped bring back personnel costs to March 2011 levels.

Productivity Indicators

Loan outstanding per branch has shown a continuous northward trend due to branch mergers and consistent portfolio growth fuelled by sufficient funding in Q4. Over the year, loan outstanding per branch has grown by 41% and loan outstanding per CRS has gone up by 52% while borrowers per CRS has increased by 24%.

The Business Efficiency Project has begun showing positive impact on various expenses and productivity metrics. The complete benefit of these efficiency initiatives will be manifested in a more prominent manner in the next fiscal year.

Funds Management

Financial year 2011-12 has been a difficult year for the entire microfinance Industry and Ujjivan faced tremendous challenges in obtaining planned funding for the first two quarters. The banks and Financial Institutions had curtailed their lending to MFIs after the 2010 crisis in Andhra. The prolonged suspension of bank credit created a significant gap between our planned and actual disbursements which led to a slowdown in our business momentum, decline in our loan book and in profitability.

Debt Funding

During these critical months when many MFIs were facing severe liquidity issues, Ujjivan managed to keep afloat with reasonable business flow, sourcing funds through non-convertible debentures (NCDs) and loan securitizations. We were one of the first MFIs to receive funding when few banks opened up to selective MFIs from August 2011. Ujjivan received a funding of around Rs.850 Million in August and September. However the fourth quarter witnessed significant term funding, especially post equity infusion. Ujjivan has raised over Rs.3830 Million from banks and financial institutions during the year and is in a sound financial position for commencing the next fiscal year disbursements.

In May 2011 Ujjivan embarked on its maiden securitization transaction for Rs.174 Million followed by a Rs.402 Million transaction in September structured by IFMR, bridging the funding gap resulting from reduced term funding by banks.

Ujjivan successfully raised NCD Non-convertible Debentures (NCDs) amounting to Rs.550 Million in June and July, followed by a Rs. 290 Million transaction in January 2012. The timely sourcing enabled reasonable business continuity during these months

Further during the interim period of process of equity raise, Ujjivan also managed to raise Debt against equity of Rs 500 Million in November which was critical for disbursements.

Equity Funding

The crowning achievement in funding for FY11-12 was the successful raise of equity capital. The arduous journey commenced with in-depth due diligence by various investors and

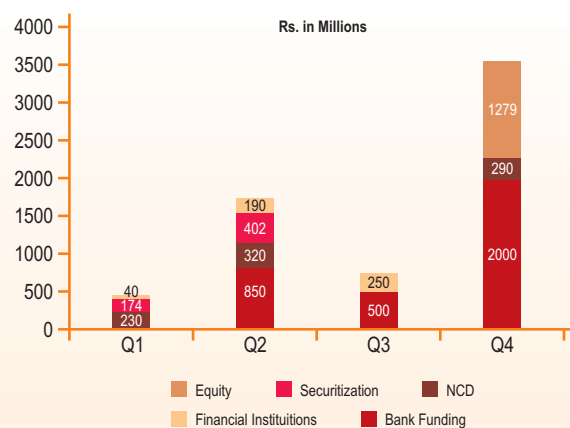
several rounds of patient discussions, selection of new investors and negotiations of terms culminating in the Rs.1279 Million infusion, a milestone for the Ujjivan as well as the Industry.

The continuing support of existing investors in quality governance and excellent referrals and testimonials played a critical role in enabling the new investors to understand Ujjivan, endorsing their faith in our financial inclusion model and in the sector.

Our double bottom-line approach and our transparency went a long way in raising investor comfort levels and help in decision making. The equity infusion is a vindication of the confidence and trust of the Investors in mission focused MFIs such as Ujjivan. This may well be the harbinger for new investments in Indian MFIs in the future benefitting our industry as a whole. For Ujjivan, this not only reiterates the strength of its management and operations, but heralds a new era of good business growth and provides excellent leveraging capabilities.

All's well that ends well – Ujjivan commenced the financial year amidst an uncertain and tight funding environment but ended the year with success story of significant funding both from debt as well as equity capital. The comfortable funds position of Rs.1263 Million coupled with undrawn limits and proposals in pipeline are great enablers for significant business momentum in the ensuing financial year.

Funding Received in FY2011-12



Management Team



Samit Ghosh, Chief Executive Officer and Managing Director

Samit has been in international banking for over thirty years. At Citibank, he co-pioneered consumer banking in India in 1985. He led the launch of retail banking for Standard Chartered in the Middle East and South Asia and for HDFC Bank in India. His last assignment was as Chief Executive (India) of Bank Muscat. He founded Ujjivan in 2005 as a pioneering microfinance firm for the urban poor. He is an alumnus of Jadavpur University and Wharton School.



Carol Furtado, Chief Operating Officer – South

Carol has been with Ujjivan since its inception. She is a Finance professional with over 15 years of experience, having worked in ANZ Grindlays and Bank Muscat, where she specialized in modern retail banking operations. In 2009, she won with the Financial Women's Association (FWA) of New York Leadership Award. Carol is an MBA from Mount Carmel Institute of Management, Bangalore.



Vikram Jetley, Chief Operating Officer – North

He has over 15 years of experience in consumer banking, handling portfolios such as branch banking, direct & channel sales management, secured & unsecured lending, and wealth management. He held strategic positions with HDFC Bank, IDBI Bank and National Bank of Oman (in Oman/UAE/Egypt). His last assignment was as Vice President at DCB Bank. He is an MBA from FORE School of Management, New Delhi.



Jolly Zachariah, Chief Operating Officer – West

He has over 22 years of International Banking experience with Citibank. Jolly led and managed consumer banking and credit card businesses in India and overseas. His last assignment was with Citigroup's CitiCards as Senior Vice President & Director, Agent & Affinity Banking, in New York. He is responsible for establishing Ujjivan as the leading microfinance service provider in urban Maharashtra and Gujarat.



Rajat Singh, Chief Operating Officer – East

He joined Ujjivan in 2007 as a financial analyst. His first assignment was to build and expand the organizational finance function. Rajat was instrumental in developing and implementing organizational budgeting processes and basic business analytics structures. In June 2010 he was appointed Chief of Staff for the Eastern region, overseeing the regional business. Rajat has a B.Tech degree in Agricultural & Food Engineering from IIT, Kharagpur.



Sudha Suresh, Chief Financial Officer

She is a Chartered Accountant with a rich corporate career. Her expertise and contributions span areas of fiscal management, strategic planning, capital & debt syndication, MIS and compliances in private and public limited companies. She is also a qualified Cost Accountant and Company Secretary.



Martin Pampilly, Head of Operations & Service Quality

He has over 13 years of retail banking experience with ANZ Grindlays, Bank Muscat, and Centurion Bank. Martin was a core team member in setting up the centralized back office and Customer Services unit for Centurion Bank. He joined Ujjivan in 2009 as Regional Operations Manager (South), and also managed the successful testing, training and implementation of the Core Banking Project. He is a Computer Science graduate from St. Joseph's College, Bangalore.



Alagarsamy AP, Head of Audit

He is a Banking & Financial Services professional with over 16 years of experience in sales, credit, risk and audit. Alagar was with ICICI Bank for over 8 years in the Retail Assets & Rural Business Groups handling various roles in Sales, Credit & Risk functions. His last assignment was as Assistant Vice President - Risk with Fullerton India Credit Company. He was part of the core team which launched their Rural Business and also handled Audit. Alagarsamy is a Management Graduate from Osmania University, Hyderabad.



Vittal Rangan, Head of Human Resources

He has over 15 years of HR experience largely with Financial Services. Vittal has worked with Birla Sun Life Insurance, Cholamandalam DBS Finance, HDFC Standard Life and Asian Paints, where he played leadership roles heading Sales HR and Corporate verticals. His areas of interest are organizational development, institution building and leadership. Vittal is an alumnus of SRCC, Delhi and Symbiosis, Pune.



Deepak Ayare, Chief Technology Officer

He is an IT professional with 22 years of experience in different aspects of Technology. Deepak worked in the Gulf and in East Africa for 14 years. His core strengths are in implementing ERP and developing business systems for organizations in different verticals.



Premkumar G, Head of Administration

He has over 14 years of experience in similar positions with One World Hospital and Paul D'Souza & Associates, a leading Law firm in Bangalore. Prem was Regional Administration Manager (South) for 2 years, prior to his current role. He has recently moved as Head of Vigilance. He holds a Commerce degree and is a member of the Indian Society of Ergonomics (ISE).



Corporate Governance

Good corporate governance practice lies at the foundation of Ujjivan's business ethos. The Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit.

Ujjivan is committed to fair practices and is transparent in all its activities and processes with its various stakeholders.

Board of Management

- ▶ **Mr. K.R.Ramamoorthy**, Former Chairman and Managing Director/CEO of Corporation Bank and ING-Vysya Bank
- ▶ **Mr. Samit Ghosh**, Managing Director, Ujjivan
- ▶ **Mr. Sunil Patel**, Chartered Accountant and Management Consultant
- ▶ **Mr. S. Viswanatha Prasad**, Fund Manager, Bellwether
- ▶ **Ms. Geeta Goel**, Portfolio Director, Michael & Susan Dell Foundation, Global Microfinance Initiative
- ▶ **Mr. Christopher Miles Brookfield**, Managing Director, Elevar Equity
- ▶ **Mr. Mohit Bhatnagar**, Operating Partner, Sequoia Capital
- ▶ **Mr. Venkatesh Natarajan**, Managing Director, Lok Capital LLC
- ▶ **Mr. S.N.Gowan**, Nominee Director from SIDBI
- ▶ **Mr. Sanjiv Kapur**, Nominee Director from WCP Holdings III
- ▶ **Ms. Vandana Vishwanathan**, HR Consultant

Changes in Board composition

Mr. S.N.Gowan is appointed as a nominee director from SIDBI in place of Mr. M.K. Raveesha w.e.f 26th August 2011.

Ms.Vandana Vishwanathan and Mr.Sanjiv Kapur are appointed on the Board of the company w.e.f 22nd February 2012 (additional Directors). The Board welcomes the new Directors inducted during the year under review.

Mr.Raveesha, SIDBI nominee and Mr.Vikraman, Independent Director, resigned from the Board of Directors of the Company w.e.f 22nd August 2011 and 09th November 2011 respectively. The Board places on record its appreciation for the contribution of the outgoing Directors during their tenure.



Internal Guidelines on Corporate Governance

The Board ensures good corporate governance in terms of sound business policies and practices, adherence to compliances, and protection of the interests of all stakeholders. During the year, the Board reviewed the existing procedures and policies on Corporate Governance and made certain additions to further strengthen the governance practices.

Fair Practice Code and Client Protection measures

Ujjivan has adopted the Fair Practices Code advocated by the Reserve Bank of India as well as the Fair Practices Code and Client Protection principles formulated jointly by the Microfinance Institutions Network (MFIN) and Sa-Dhan. The same is posted on the website of the company. Ujjivan also endorses Smart Campaign, a global initiative by ACCION on client protection principles and Best Practices.

The policy of the company focuses on fair practice with borrowers including promoting transparency, fixing overall lending limits at client level, data sharing, recruitment practices, whistle blower policy and enforcement mechanisms.

All the Board Members and senior management personnel have affirmed their compliance with the Fair Practice Code.

Committees of the Board

A) Nomination Committee

Committee Composition:

- ▶ Mr. K.R. Ramamoorthy
- ▶ Mr. Samit Ghosh
- ▶ Mr. Sunil Patel
- ▶ Mr. Mohit Bhatnagar
- ▶ Mr. Christopher Brookfield


Meetings held

During 2011-2012, one meeting of the Nomination committee was held on 22nd February 2012 and all the members of the committee were present thereat.

Terms of reference

The Committee is responsible for:

- ▶ Ensuring process of "due diligence" to determine the suitability of the candidate for appointment/continuing to hold



position, as a Director on the Board based upon his/her qualification, expertise, track record, integrity and other fit and proper criteria

- ▶ Recommendation to the Board of Directors for appointment of Director(s)

B) Audit & Risk Management Committee

Committee Composition:

- ▶ Mr. Samit Ghosh
- ▶ Mr. Sunil Patel
- ▶ Mr. Vishwanath Prasad
- ▶ Mr. Venkatesh Natarajan

Meetings held

This Committee's meetings are generally held in conjunction with Board meetings. During 2011-2012, four meetings of the Committee were held on 12th May 2011, 12th August 2011, 08th November 2011 and on 22nd February 2012.

Terms of Reference

The Committee is responsible for policies, procedures and reviewing the soundness and efficiency of:

- ▶ Internal control systems
- ▶ Financial disclosures
- ▶ Risk management systems
- ▶ Information technology systems

The Board reviews the functions of the Audit and Risk Management Committee every year and gives its suggestion for its effective and efficient functioning.

Audit Sub-committees

For efficient functioning of this committee, two sub committees comprising members of the Board as well as Senior Management are in operation. The Audit & Risk Management Committee reviews the meetings held by the Audit Sub-committee and the Asset Liability Management (ALM) Sub-committee of the Company.

Audit Sub-committee Composition:

- ▶ Mr. Samit Ghosh
- ▶ Mr. Sunil Patel
- ▶ Mr. Alagarsamy AP (Head of Audit)

Terms of Reference

The committee meets on a monthly basis and is responsible for reviewing internal audit and controls.

Asset Liability Management (ALM)

Sub-committee composition:

- ▶ Mr. Samit Ghosh
- ▶ Ms. Sudha Suresh (CFO)
- ▶ Ms. Carol Furtado (COO, South region)
- ▶ Mr. Vikram Jetley, (COO, North region)
- ▶ Mr. Jolly Zachariah (COO, West region)
- ▶ Mr. Rajat Singh (COO, East region)
- ▶ Mr. Martin Pampilly (Head of Operations & Service Quality)

Terms of Reference

The responsibilities of the committee include

- ▶ Liquidity & Interest Rate Risk Management
- ▶ Funding and Capital planning,
- ▶ ALM reporting compliances
- ▶ Credit Risk Management

C) Human Resources & Compensation Committee

Committee Composition:

- ▶ Mr. Samit Ghosh
- ▶ Mr. Christopher Miles Brookfield
- ▶ Mr. Mohit Bhatnagar
- ▶ Ms. Carol Furtado (COO, South region)
- ▶ Mr. Vittal Rangan (Head of Human Resources)

Meetings held

This Committee's meetings are generally held in conjunction with Board meetings. During 2011-2012, four meetings of the Committee were held on 12th May 2011, 12th August 2011, 08th November 2011 and on 22nd February 2012.

Terms of Reference

The Committee's responsibilities include:

- ▶ Evaluating, administering and reviewing the Company's primary strategies for executive and employee development and retention
- ▶ Ensuring that Senior Management of the Company are



compensated and motivated effectively in a manner consistent with industry trends/practices

- ▶ Overseeing a broad range of overall strategic Company human resources programs, compensation, benefits (including ESOP), and equity plan issues

D) Social Performance Management Committee

This committee was formed in 2009-10 and is constituted by:

- ▶ Ms. Geeta Goel
- ▶ Mr. Mohit Bhatnagar
- ▶ Mr. Samit Ghosh

Meetings held

The Committee holds meetings regularly to review the status of programs undertaken on social performance.

During 2011-2012, three meetings of the committee were held on 12th May 2011, 12th August 2011, and on 08th November 2011

Terms of Reference

The objective is to oversee social programs undertaken by the Company and monitor economic and social impact on customer.

The Company is well supported by a team of Auditors, Advisory Group, Resource partners, Legal counsel and Banks & Financial Institutions who have partnered in the Company's growth and success

The Board decided to re-constitute Board committees for the next financial year as follows:

- ▶ Audit Committee
- ▶ Credit & Risk Management Committee (ALCO Committee to be part of this committee)
- ▶ Business & Operations Efficiency committee
- ▶ Governance & Nomination committee
- ▶ Human Resources & Compensation Committee
- ▶ Social Performance Management Committee

Advisory Group

- ▶ **Mr. Jaithirth (Jerry) Rao**, Ex- Chairman and CEO, Mphasis
- ▶ **Mr. Vijay Mahajan**, Chairman, BASIX
- ▶ **Mr. Bhaskar Menon**, Private Equity professional

- ▶ **Mr. Vishnu R. Dusad**, Founder and Managing Director, Nucleus Software Exports Limited
- ▶ **Mr. Ravindra Bahl**, Managing Director, ChrysCapital

Partnerships

- ▶ Grameen Trust
- ▶ Unitus
- ▶ Women's World Banking (WWB)

Membership of Industry Associations

- ▶ Association of Karnataka Microfinance Institutions (AKMI)
- ▶ Association of Microfinance Institutions West Bengal (AMFI)
- ▶ Microfinance Institutions Network (MFIN)
- ▶ Sa-Dhan (Association of Community Development Financial Institutions)

Banks and Financial Institutions

A select few of our funding institutions:

- ▶ Axis Bank
- ▶ Bank of America
- ▶ Corporation Bank
- ▶ Credit Agricole
- ▶ DCB Bank
- ▶ HDFC Bank
- ▶ IDBI Bank
- ▶ Ratnakar Bank
- ▶ Small Industries Development Bank of India (SIDBI)
- ▶ Standard Chartered Bank
- ▶ State Bank of India
- ▶ State Bank of Travancore
- ▶ Syndicate Bank

Auditors

- ▶ Deloitte Haskins & Sells (statutory)
- ▶ V. Nagarajan & Co.(internal)

Market Research Agency

- ▶ Delphi Research Services (P) Ltd.

Legal Counsel

- ▶ Universal Legal



▶ Management Discussion and Analysis ▶

After a successful closure in 2010-11, Ujjivan geared up to face the challenges of the sector crisis. Amidst the regulatory uncertainty and new guidelines for the industry, Ujjivan's key focus areas in 2011-12 were: consolidation, tighter credit controls, and improved operational efficiencies. The objectives were to sustain controlled growth and profitability.

Operational Performance

Ujjivan had to face significant challenges, especially during the first three quarters of financial year 2011-12. This was due to a combination of limited access to funding (resulting in lower volumes of business) and increased credit costs from the contagion effect of the crisis in some branch areas. The resulting losses in the first nine months of 2011-12 were covered with good business in the fourth quarter.

There were several factors influencing our business operations in 2011-12:

- ▶ Migration to upgraded Core Banking Solution : The data migration, verification and systems check caused a temporary suspension in the processing of new loan applications, credit approvals and subsequent disbursements & data entry, resulting in reduced disbursements and loss of interest income.
- ▶ Funding constraints in the first nine months affected Ujjivan's growth plans and bottom line. Diversified sources such as non-convertible debentures (NCDs) and securitization enabled some liquidity in the absence of bank funds. Simultaneously, Ujjivan pursued equity funding in the third quarter and was able to successfully close a landmark infusion of Rs.1279 Million. Further, there was good funding from banks in the fourth quarter.
- ▶ Alignment to the Reserve Bank of India's (RBI) new regulations through changes in pricing, processing fees and discontinuation of security deposits put pressure on our margins and profitability
- ▶ Since inception, Ujjivan has followed a conservative provisioning policy for both its standard and sub-standard assets. Also, our provisioning policy is more conservative and

aggressive compared to the minimum provisioning required for NBFCs under the RBI prudential norms, carrying an incremental provision of Rs.68 Million compared to the existing norms.

The challenging times and the post-crisis regulatory impositions necessitated key changes in our operations and we undertook several initiatives:

- ▶ Business Efficiency Program to improve the productivity of our branches and field staff, and streamline costs: branch mergers; rationalization of field staff headcount; roll out of core banking system at the branches; and repayment window extension.
- ▶ Credit initiatives: Launch of the Revised Group Lending model wherein there is no joint group liability in the higher cycles; branch-wise credit policy based on occupation, income levels and record of credit behaviour; mandatory credit bureau checks for all underwriting; managing distressed portfolio in affected area; conversion of idle customers; increased awareness through financial literacy program to sensitize customers on the dangers of over borrowing and ghost lending.
- ▶ Increased customer retention through service quality programs including customer grievance redressal (toll free help lines; designated customer care representatives), and expansion in reach of social development programs

The opening up of bank funding, the successful closure of the equity round, ramp up of business in last quarter and significant cost savings due to our business efficiency project saw us closing the year on a positive note with a profit of Rs.21.90 Million. Another significant milestone was the closing portfolio crossing the Rs.7000 Million mark for the first time.

As on 31st March 2012, our total customers stood at 1,041,246, a 5% growth over the last fiscal year. Disbursement during the year amounted to Rs 10,829 Million and cumulative disbursements stood at Rs.31558 Million. The loan book grew by 12.5% to Rs.7034 Million in March 2012 from Rs.6251 Million in March 2011.



FY 2011-12 Regional Snapshot

Key Metrics	North	East	West	South	All India
Disbursement (Rs. Million)	2,490	3,056	1,591	3,692	10,829
Outstanding Portfolio (Rs. Million)	1,666	1,965	1,020	2,384	7,034*
Customers	239,969	337,961	159,217	304,099	1,041,246
Borrowers	182,438	266,257	123,503	247,202	819,400
PAR>30 days	0.13%	2.48%	0.37%	1.22%	1.19%

* including securitization

Regional Highlights

North

Operations in the region started in 2007 and since then it has undergone tremendous transformation with Ujjivan becoming the leading MFI in Northern India.

It had an excellent 30% portfolio growth with disbursements of Rs. 2490 Million, its highest annual disbursement since inception. As part of the Business Efficiency Program, 13 branches were merged and Core Banking Solution (CBS) implemented in all eligible branches. Special emphasis was on improving staff efficiency, with each field staff handling 35% more borrowers and 63% greater Outstanding Principal (OSP) compared to March 2011. Consequently, its OER (Operating Expense Ratio) reduced by 3.02% during FY2011-12.

In 2012-13 the focus of the region will be on building a strong management pool both at the regional and branch level; improving the field staff efficiency; bringing down OER; growing portfolio by 30%; graduating the good customers to individual lending; tying up with like-minded partners to offer more diverse products to the customers; and supporting a wider range of social causes through Social Development Programs and Parinaam Foundation.

South

Ujjivan's most mature region witnessed good collections and high disbursements, forming 34% of the organisation's total disbursements. Portfolio grew by 4.7% although the customer base declined slightly due to general slowdown in business in the first six months.

The region initiated various measures to reduce its OER during

the Financial Year and expects significant drop in OER by end of FY 2012-13 through increased field staff productivity, customer retention, improved technology, improved processes in the field and support functions, and improved cost management. CBS and repayment window extensions were rolled out in almost all branches. Staff efficiency (Borrowers/CRS) improved by 19% and average borrowers per branch increased by 4.5% over 2010-11.

The region has a healthy repayment rate of 98.32%. Total Portfolio at Risk (PAR>0) reduced by Rs.19 Million during the year due to robust collection management processes, branch-wise customer centric credit policy, mandatory credit bureau checks, and implementation of non starter policy (related to customer defaults in first 3 months).

In FY 2012-13, the plan is to position Ujjivan as one of the top 3 MFIs in Karnataka, Tamil Nadu, Kerala, and deepen its presence in Goa. The focus is on area expansion for new customer acquisition, reduction of turn-around-time (TAT), increase in average ticket size, and phase out of joint group liability in higher loan cycles

East

The biggest region in terms of operation, it is spread over 6 states with 105 branches, 337961 customers and 1186 staff.

FY2011-12 was a tough and challenging year for East. The worsening credit portfolio and funding crisis impacted this region the most. Strong and effective measures included: 20 branch mergers; dedicated mentoring program for poor portfolio quality branches; occupation-wise credit limits for customers; streamlining headcount by 17%; reduction in admin expenses by 18%; improvement in borrowers per CRS by 26%, and putting in place effective internal controls.

The main focus in FY2012-13 is to make this region sustainable by lowering OER, improving efficiencies, implementing branch-wise credit policy; and tightening supervisory controls. The plan is to make Ujjivan the preferred MFI in the major towns including Kolkata and build up portfolio in the smaller towns across the region.

West

Starting in 2008, Ujjivan's youngest region achieved its most significant milestone with the portfolio crossing Rs.1000 million in March 2012.

Despite the challenging times, the region recorded a portfolio growth of 13% and 18% growth in customer base with CRS productivity going up by 18%.

The region maintained a high portfolio quality with a cumulative repayment rate of 99.5%, attaining numero uno position in most markets and enhancing its overall productivity while keeping a constant check on its expenses. This year also saw 60% of its branches going online through CBS roll outs.

In FY2012-13 the plan is to further reduce the OER while increasing productivity by 40%. The main focus is on stable management through effective staff retention, implementing strong, branch-wise credit policies and maintaining a healthy controlled environment for every process.

Financial Performance

Ujjivan successfully managed the post-crisis environment and emerged stronger. It is one of the few MFIs which managed its business and social initiatives well amidst funding constraints, high operating costs, and portfolio risks, becoming one of the best capitalized MFIs with a comfortable closing funds position at Rs.1263 Million.

Ujjivan closed the financial year on a positive note with modest pre-tax profit of Rs.21.9 Million and post-tax profits of Rs.17.1 Million. After considering a cumulative profit of Rs.110.83 Million and transfer of Rs.3.43 Million to Statutory Reserve, its cumulative profit stands at Rs.107.40 Million as on 31st March 2012.

The Business Efficiency Program has had a positive impact. Both OER and Borrowers per CRS have improved due to 52 branch mergers, online banking (CBS) roll outs in 248 branches and repayment window extension in 198 branches.

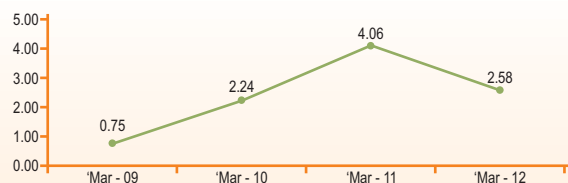
The Operational Expense Ratio has seen a continuous decline in the last few years and closed at 14.7% in March 2012. Based on 13 month moving average. However, based on a simple average methodology the OER works out to 13.5%.

Resource Mobilization

Ujjivan undertook substantial diversification of funding sources during the year making us one of the best funded MFIs in the post-crisis period.

We issued NCDs in the capital market, raising Rs.840 Million and closed two securitization transactions valued at Rs.576 Million. The company had an equity infusion of Rs.1279 Million. With a strong equity base, the Company continues to have an excellent leverage for further debt funding. It has a comfortable debt equity ratio of 2.58 and can leverage further during the next financial year.

Debt - Equity Ratio



Ujjivan was one of the first MFIs to receive bank funding when the banks resumed lending to MFIs. The company has availed of Rs.3830 Million from various banks and financial institutions during the year and explored other financing structures.

The Capital Adequacy Ratio (CAR) is 33.09% as of 31st March 2012 against Reserve Bank of India's CAR requirement of 15%.

Credit Rating

CRISIL has assigned the mFR3 grading to Ujjivan in November 2011 while CARE has assigned a 'CARE BBB' rating to Ujjivan during the same time for its bank loan facilities of Rs.3326.2 Million in Dec 2011. In Feb 2012 CRISIL upgraded its long term rating of bank loan facilities to 'CRISIL BBB/Stable'.



Regulatory Compliance

The Company is a systemically important non-deposit taking NBFC and has complied with all applicable regulations of the Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have public deposits outstanding at the end of the year. The company is in compliance with the RBI notifications (dated 3rd May 2011) for Bank Loans to the MFIs and is qualified for the NBFC-MFI status

Risk Management

Credit Risk

FY2011-12 presented the toughest challenge for the microfinance industry. Amidst the industry crisis, Ujjivan's portfolio held up well thanks to our strategic change management process, long term assessment on credit, robust policies and meticulous execution plans.

Our credit risk was contained through several credit initiatives taken during the year, the salient ones being the introduction of the revised group lending – removal of joint group liability in the higher cycles; implementation of branch-wise credit policies based on occupation, income levels and history of credit behaviour; mandatory credit bureau checks on all our loans; and implementation of non starter policy. We closed the year with a repayment rate of 98.32% symbolizing our solid asset quality.

Ujjivan has continued to focus on strengthening customer relationships through social development programs, financial literacy programs and a variety of other social programs in partnership with Parinaam Foundation. These initiatives have helped Ujjivan distinguish itself in the minds of the customer contributing to relatively stable credit performance in most branches.

Operational Risk

With the microfinance sector going through a tough period, high staff turnover remains a critical influencing factor in this service industry. Managing employee turnover and transition was a key focus for HR this year. Day to day cash handling continues to be high risk as is the nature of the microfinance business. Ujjivan has successfully introduced cash management services across many branches for depositing and withdrawing cash from banks and expanding the services to all branches during the year. Review of charges, controls on day-to-day cash management, monitoring of

idle funds monitoring and reduction of TAT (turnaround time) were the key focus areas during the year.

Sector Risk

The microfinance sector faced its biggest crisis since inception, from October 2010. There was tremendous pressure on the industry with media backlash and the banks shutting down funding. The Priority Sector Lending (PSL) status was also awaiting clarity and affirmation. Political vulnerability was at its peak, affecting the entire sector.

The Monetary Policy released on 3rd May 2011 and the subsequent notification to banks on PSL status for loans to MFIs substantially eased the uncertainty for the sector. Although there are several logistics issues in terms of uncertainty of implementation, review processes, and verifications, the specifications on lending rates and processing fees have enabled MFIs to have greater clarity.

Ujjivan has aligned itself on these key parameters of the RBI Regulations and is well set to ensure all compliances as may be relevant for NBFC MFIs. We will continue to remain true to our mission of providing financial services to the poor.

The next two years are going to be period of consolidation for the sector with institutions having to make several fundamental operational changes under the new regulatory environment. Our priorities are to: 1. become more efficient and bring down our operating costs; 2. retain our customers; 3. phase out the joint liability system and develop the individual lending business; 4. develop better customer & community connect.

Visible and Hidden Risks & Mitigants

Political Risk	Closer regulatory supervision by the Reserve Bank and passage of the Microfinance Bill
Business Risk	Ongoing success in reducing Operating Expenses & diversifying our product & business
Funding Risk	Diversifying our debt funding & remaining well capitalized
Credit Risk	Adopting the disciplines of consumer credit
Reputational Risk	Implementing strictly RBI's Fair Practices Code, Industry Code of Conduct & comprehensive customer service program
Mission Drift	Staying focused with a holistic approach to poverty alleviation and strong customer connect



The Indian Cabinet's approval of the Microfinance Bill, and its subsequent tabling in Parliament on May 22nd 2012 augurs well for a balanced and healthier development of the sector. Microfinance Institutions Network (MFIN) has started an advocacy program to garner bi-partisan support for the Bill, which will bring MFIs under the regulatory jurisdiction of the Reserve Bank of India.

The Bill calls for a central regulatory body and helps broaden the scope of services provided by sector by including microcredit, savings products, remittances, pensions, insurance and others. It empowers the RBI to provide directives on matters such as interest rates, margins, client protection, and corporate governance norms. This could help improve governance practices and bring greater accountability and transparency to the sector.

Refinements and expeditious passage of the Microfinance Bill would help boost confidence in the sector, which has seen considerable erosion recently. It would also catalyse access to greater and long term funding from banks and financial institutions.

Audit and Internal Controls

Ujjivan has well defined Internal Audit and Control systems in place. Our internal audit plan is approved by the Board Audit Committee at the start of the financial year and is reviewed every quarter.

The Internal Audit department is responsible for monitoring and evaluating the internal controls of the organization and also its adherence to various statutory & regulatory compliances. These audits are carried out at the branches, regional offices and at the Head Office. While the branch and field audits are carried out by the in-house internal Audit Team, the audits at Regional Offices and Head Office are carried out by an independent Audit firm appointed by the Board. Ujjivan follows internationally practiced Microsave's Loan Portfolio Audit Process (LPAT) and branches are evaluated on Risk-based approach.

Branch & Field Audits: Ujjivan's strong in-house Regional Audit teams, headed by Regional Audit Managers, carry out the branch & field audits as per pre-defined audit plan and frequency. Four complete audits are conducted annually at 80% of the branches while three at the remaining 20%. These are comprehensive audits covering entire branch back office processes and on-field processes.

In addition, the internal audit team is also involved in carrying out:

- a) Business area cross-checks
- b) Re-survey of Branch working areas
- c) Negative area cross-checks
- d) Special audits & Fraud investigations

Regional Offices & Head Office Audits: The Board-appointed independent audit firm carries out comprehensive quarterly audits at all the Regional Offices and at Head Office. The firm is also responsible for auditing Ujjivan's adherence to all regulatory and statutory compliances that have been prescribed for NBFC-MFIs.

A strong compliance monitoring mechanism ensures that all pending issues are tracked until closure within the specified timelines. All the critical audit findings are presented to the Audit Sub-Committee which meets every month and to the Board Audit & Risk Committee which meets every quarter. Monthly audit updates summarizing the audit trends and critical issues are also circulated to all the Board Members

Service Quality

Excellent customer service is the key to retaining valued customers. The focus for the Service Quality team, in 2011-12 was to strengthen its key functions such as expanding customer care & customer retention programs, widening the reach of financial literacy for customers, implementing best practices in client protection and strengthening the customer grievance redressal mechanism.

The Service Quality team has also been involved in various process improvement projects under Business Efficiency Program viz, extending repayment window for customers, supporting rollout of core banking solution at branches and streamlining customer and employee data base.

More details on these programs are available in the Service Quality section of the Report.

Information Technology

Ujjivan continues to lay emphasis on a strong IT infrastructure to enhance its ability to efficiently run its business operations and deliver financial services to customers. In 2011-12 we upgraded our core banking solution to a new web-based version – BankersRealm.Net. Almost all our branches are now online, drastically reducing turnaround time for customer record checks and transaction entries thereby increasing productivity manifold.



Ujjivan also began implementation of a Document Management System (DMS), reducing costs and building efficiencies in its systems and processes. DMS has already been rolled out in HR, Admin, Operations, Audit and Finance departments.

Human Resources Development

Ujjivan responded to the crisis through a structured Human Resources Management plan to support organisational changes and new business initiatives. The period of slow-down was effectively used in the training & development of employees. This included a Change Leaders Program driven by its management team across all levels of employees, aimed at increasing operating efficiency and reducing cost, and repositioning Ujjivan for the future.

During the crisis, one of our highest priorities was to make our employees feel secure in their employment and ensure that their engagement with the mission of the Ujjivan remained unimpaired. Productivity workshops and extensive refresher programs were held for field staff to educate and build buy-in to various changes in the organization on policies, process improvements and new technologies. Spanning a 5-month period, these extensive workshops involved over 246,000 training man-days across all branches.

Even as we merged our operations in some areas as a part of our efficiency program, staff rationalisation, reassignment to other branches and new roles were handled with sensitivity and through a structured Performance Improvement Plan for under-performers.

'Leaders in the field' program was introduced in collaboration with Grameen Foundation (USA), Centre for Creative Leadership (CCL USA) and Cocoon Consulting (India) for middle level managers. First-level supervisors were provided training on basics skills of effective supervision. These inputs helped supervisors effectively manage organizational change and staff transition.

Being ranked 14th among India's Best Companies to Work for, and ranking #1 in the Microfinance industry for the second time, is testimony that for Ujjivan, stakeholder satisfaction is prime. We took the crisis as a challenge and emerged as the best all round microfinance institution in the country.

Community & Customer Programs

In addition to microfinance services, we have been carrying out a number of social and community development programs. These include health camps, sports for customers' children, and vocational training courses, with the help of sister non-profit Parinaam Foundation.

Ujjivan's self-sustained Social Development Program, now in its second year, has been expanding its reach. In 2011-12, we spent Rs.5.04 million in projects at 192 branches benefitting over 71,000 children and over 50,000 families.

The program follows a decentralised and participatory approach, empowering customers and staff to jointly decide on and undertake urgently needed community development projects.

The disaster relief program, jointly funded by the employees and the Company, helped provided assistance to those impacted by the cyclone in South India and floods in the East. Our primary initiative this year, is driving **Diksha** – the financial literacy program, for training customers on managing their savings and debt.

Details of these programs form part of the Social Performance report.



▶ Directors' Report ▶

The Members,

Your Directors are pleased to present the Eighth Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2012. The summarized financial results for the year ended 31st March, 2012 are as under:

Financial Results

Particulars	FY 2011-12 (Rs.)	FY 2010-11 (Rs.)
Operating Income	1,482,431,244	1,518,933,594
Other Income	80,600,649	45,497,324
Total Income	1,563,031,893	1,564,430,918
Less Operational Expenses		
Personnel Expenses	601,677,317	553,832,794
Administrative Expenses	271,893,414	285,193,865
Finance Charges	585,869,855	476,604,812
Depreciation	24,035,704	26,145,855
Provision For Doubtful Debts	57,624,664	45,374,014
Profit/ (Loss) Before Tax	21,930,939	177,279,578
Profit/(Loss) For The Period	21,930,939	177,279,578
Less: Income tax	15,800,000	79,000,000
Less Deferred tax	-11,017,456	-15,812,738
Profit/(Loss) After Tax	17,148,394	114,092,316

Review of Operations

The operational highlights for the financial year ended 31st March 2012 include:

- 299 branches across 20 states
- Customer base of 10,41,246 and cumulative disbursement of Rs.31,558 Million
- Loan outstanding up from Rs.6,251 Million the previous financial year to Rs.6,912 Million

Ujjivan has had profitable operations for a consecutive third year and returned a post tax profit of Rs. 17.15 Million. It has transferred an amount of Rs.3.43 Million to statutory reserve fund in accordance with the provisions of Section 45- IC of The Reserve Bank of India Act 1934. After considering cumulative profit of Rs.110.83 Million and transfer of Statutory Reserve, Ujjivan's profit stands at Rs.107.40 Million as at 31st March 2012.

Dividend

The Board has not recommended any dividend for this year

Credit Rating

CRISIL has assigned the Company mfr 3 grading in November 2011. CARE has assigned a 'CARE BBB' rating to Ujjivan during the same time for its bank loan facilities of Rs.3326.2 Million

Capital Adequacy

The Capital Adequacy Ratio of the company was 33.09% as of 31st March 2012 as against the minimum capital adequacy requirements of 15% by RBI.

Corporate Governance

Clause 49 of the Standard Listing Agreement and the Corporate Governance report under this clause are not applicable to the company. However, a corporate governance report is attached and forms part of the Directors report.

Management Discussion And Analysis

The Management Discussion and Analysis Report, highlighting the important aspects of the business, forms part of this report.

RBI Guidelines

The Company being a systematically important non deposit taking NBFC has complied with all applicable regulations of the Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not having public deposits outstanding at the end of the year.

Code of Conduct, Transparency & Client Protection

The Company has fully implemented the Reserve Bank of India's Fair Practice Code and also adopted Sa-dhan's and the Microfinance Institutions Network's (MFIN) Codes of Conduct.



Ujjivan is proud to be the sole representative from Indian microfinance institutions, on the international steering committee for 'Smart Campaign'. It is a campaign initiated by Accion International and CGAP (World Bank) for Client Protection in Microfinance.

Corporate Social Responsibility

Ujjivan has a holistic approach to poverty alleviation, partnering with Parinaam Foundation, a not for profit organization (Section 25 Company), for programs in health care, financial literacy, education and vocational training for Ujjivan's customers and their family members.

Ujjivan also conducts self-sustained Social Development Programs along with staff, customers and the community where we work. The program follows a decentralised and participatory approach with the view to empowering the customers and the branch team to jointly decide and undertake urgently needed community development projects to benefit the families of the area especially children. In 2011-12, these projects were carried out in 192 branches, benefitting over 71,000 children in 1,827 institutions including state government-run anganwadis. A total of over Rs.5.04 Million was spent on this program. We plan to cover more branches in the near future.

Conservation of Energy, Technology Absorption

Since the Company does not own any manufacturing facility, the particulars relating to conservation of energy and technology absorption as stipulated in the above Rules are not applicable.

Exchange Earnings and Outgo

The Foreign Exchange Inflow for the Company during the year was Rs. 3.37 Million (previous year- Rs. Nil).

The Foreign Exchange outflow during the year towards revenue expenses is Nil (Previous year Nil)

Directors

During the financial year the Board composition underwent a few changes as follows:

Mr.S.N.Gowan is appointed as a Nominee director from SIDBI in place of Mr.M.K.Raveesha w.e.f 26th August 2011.

Ms.Vandana Vishwanathan and Mr.Sanjiv Kapur are appointed on the Board of the company w.e.f 22nd February 2012 (Additional Directors) . The Board of Directors welcome the new Directors inducted during the year under review.

Mr.Raveesha, SIDBI nominee resigned w.e.f 22nd August 2011 and Mr.Vikraman Independent Director had resigned from the Board of directors of the Company w.e.f 09th November 2011 and the Board of directors wishes to place on record its appreciation for the contribution of the outgoing Directors during their tenure .

The Board of Directors of the Company consists of the following Directors as on 31st March 2012. The number of board meetings eligible to be attended, and actually attended by the Board of Directors are also indicated hereunder:

	Name of the Director	No.of meetings held during their tenure	No. of meetings attended
1	Ramamoorthy Rajagopalan Kuttalam	5	4
2	Samit Ghosh	5	5
3	Sunil Vinayak Patel	5	5
4	Viswanatha Prasad Subbaraman	5	4
5	Christopher Miles Brookfield	5	5
6	Venkatesh Natarajan	5	3
7	Mohit Anand Bhatnagar	5	4
8	Sanjay Naveen Gowan	2	2
9	Geeta Goel	5	3
10	Vandana Viswanathan	1	-
11	Sanjiv Kapur	1	1
12	* Raveesha	3	3
13	* Vikraman	4	1

*Mr.Raveesha resigned w.e.f 22nd August 2011

*Mr.Vikraman resigned w.e.f 9th November 2011

Personnel

None of the employees fall under the category specified under Sec.217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules) 1975, as amended from time to time.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

Related Party Disclosures:

A. Details of Related Parties are given below

- 1) Holding Companies: Nil
- 2) Subsidiary Companies: Nil
- 3) Key Management Personnel: Mr.Samit Ghosh,
Managing Director
- 4) Common Control: Nil

B. Summary of Transactions with Related Parties during the year is as below:

	Samit Ghosh	Sunil Patel	A Vikraman	K R Ramamoorthy
Remuneration Paid Rs.	37,85,721	Nil	Nil	Nil
Sitting Fee paid Rs.	Nil	1,70,000	20,000	80,000

Employee Stock Option Scheme

The Company has granted options under the Employee Stock Options 2010 which is in continuation with the Employee Stock options 2006 and 2007 and 2009. The information pertaining to the ESOP 2010 is contained in the Notes to Accounts.

Auditors

M/s Deloitte Haskins and Sells, Chartered Accountants, Bangalore will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Members are requested to consider their re-appointment on remuneration to be decided by the Board.

The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

Acknowledgements

The Board of Directors wishes to gratefully acknowledge the assistance and guidance received from the Investors, Lawyers, Accountants, Suppliers, Partner NGOs, Institutions & Foundations, Police & Government Departments, Advisors and all our well wishers. The Board also wishes to place on record their warm appreciation for the creative and dedicated efforts of staff at all levels.

Date: May 15, 2012 For and on behalf of the Board
Place: Bangalore



Samit Ghosh *Sunil Patel*

Samit Ghosh
Managing Director

Sunil Patel
Independent
Director



Auditors' Report

To The Members of

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

- 1) We have audited the attached Balance Sheet of UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED (the "Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash flow statement dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

(b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

(c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

- 5) On the basis of the written representations received from the directors of the Company, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

for Deloitte Haskins & Sells
Chartered Accountants
Registration No. 008072S



S. Ganesh
Partner
M. No. 204108

Place : Bangalore
Date : May 15, 2012



Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

1. Having regard to the nature of the Company's business/activities/result during the year clauses ii, iii (b) to (d), (f) & (g), v, vi, viii, xii, xiii, xiv, and xx of CARO are not applicable to the company.
2. In respect of its fixed assets,
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. Fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern of the Company.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services and we have not observed any continuing failure to correct major weakness in such internal controls. There was no purchase of inventory and sale of goods during the year.
5. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
6. According to the information and explanations given to us in respect of statutory dues:
 - a. According to the information and explanations given to us, the Company has been generally regular in depositing

undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year except for certain delays in remittance of Profession Tax and Employees State Insurance.

- b. There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
- c. Details of dues of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Finance Act, 1994	Service tax	Additional Commissioner	2006 -10	562,000

7. The Company does not have accumulated losses at the end of the financial year and has not incurred cash loss during the financial year and the immediately preceding financial year.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
9. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks and financial institutions.
10. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
11. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have not been used during the year for long term investment.



12. The Company has not made any preferential allotment of equity shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

13. According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 29 debentures of Rs.1 Crore each during January 2012 for which the Company has filed the requisite forms with the Registrar of Companies on May 4, 2012.

14. According to the information and explanations given to us, the management has identified fraud relating to misappropriation of funds by certain employees which is estimated Rs.2,990,398/- of which Rs.1,691,520/- has been recovered

as on the balance sheet date and no fraud by the Company has been noticed or reported during the year.

for Deloitte Haskins & Sells
Chartered Accountants
Registration No. 008072S

Place : Bangalore
Date : May 15, 2012

S. Ganesh
Partner
M. No. 204108

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Balance Sheet as at March 31, 2012

(Amount in Rupees)

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
I. EQUITY AND LIABILITIES					
(1) Share Holder's Funds:					
(a) Share Capital	3	572,866,260		348,424,600	
(b) Reserves and Surplus	4	1,854,458,522	2,427,324,782	813,866,016	1,162,290,616
(2) Non-Current Liabilities					
(a) Long-term borrowings	5	2,550,409,112		1,671,054,877	
(b) Long term provisions	6	19,216,057	2,569,625,169	14,536,324	1,685,591,201
(3) Current Liabilities					
(a) Short-term borrowings	7	-		8,791,510	
(b) Trade payables	8	40,914,875		42,875,788	
(c) Other current liabilities	9	3,833,873,703		4,139,676,699	
(d) Short-term provisions	10	103,458,920	3,978,247,498	77,465,242	4,268,809,239
Total			8,975,197,449		7,116,691,056
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	11A	87,322,956		87,927,575	
(ii) Intangible assets	11B	24,247,543	111,570,499	9,667,365	97,594,940
(b) Non-current investments	12	1,000,000		1,000,000	
(c) Deferred tax assets (net)	26.6	32,203,038		21,185,582	
(d) Long term loans and advances	13	29,622,518		36,358,193	
(e) Other non-current assets	14	479,283,645	542,109,201	175,791,999	234,335,774
(2) Current assets					
(a) Receivables under financing activity	15	6,530,735,848		6,180,056,281	
(b) Cash and Bank Balances	16	1,614,524,881		511,725,465	
(c) Short-term loans and advances	17	22,210,804		19,981,790	
(d) Other current assets	18	154,046,216	8,321,517,749	72,996,806	6,784,760,342
Total			8,975,197,449		7,116,691,056

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants


S. Ganesh

Partner

Place : Bangalore
Date : May 15, 2012

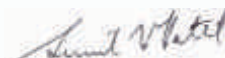


For and on behalf of the Board of Directors



Samit Ghosh
Managing Director





Sunil Patel
Director



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Statement of Profit and Loss for the Year Ended March 31, 2012

(Amount in Rupees)

Particulars	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
A. INCOME			
(a) Income from Operations	19	1,482,431,244	1,518,933,594
(b) Other Income	20	80,600,649	45,497,324
Total Income (A)		1,563,031,893	1,564,430,918
B. EXPENDITURE			
(a) Employee benefits expense	21	601,677,317	553,832,794
(b) Administrative and Other Expenses	22	271,893,415	285,193,865
(c) Finance cost	23	585,869,855	476,604,812
(d) Depreciation and amortisation expenses	11	24,035,704	26,145,855
(e) Provision/write off for receivables under financing activity	24	57,624,664	45,374,014
Total Expenditure (B)		1,541,100,955	1,387,151,340
Profit Before Tax (A - B)		21,930,938	177,279,578
Tax expenses			
(a) Current tax expenses for current year		15,800,000	73,000,000
(b) Current tax expenses relating to prior years		-	6,000,000
(c) Deferred Tax	26.6	(11,017,456)	(15,812,738)
Profit / (Loss) for the year		17,148,394	114,092,316
Earnings per Equity Share:	26.5		
(a) Basic		0.44	3.27
(b) Diluted		0.41	3.02
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

S. Ganesh

S. Ganesh
Partner



Place : Bangalore
Date : May 15, 2012

For and on behalf of the Board of Directors

Samit Ghosh

Samit Ghosh
Managing Director



Sunil Patel

Sunil Patel
Director

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Cash Flow Statement For The Year Ended March 31, 2012

(Amount in Rupees)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Net Profit / (Loss) as per Profit & Loss Account	21,930,938	177,279,578
Adjustments for		
Depreciation	24,035,704	26,145,855
Loss / (Income) from sale of investments	97,442	(8,808)
Dividend on Mutual Funds	(14,943,793)	(9,910,215)
Provision for Receivables under Financing Activities	35,497,445	37,915,257
Provision for advances	1,721,224	
Assets written off	89,220	5,171,916
Loss/Profit on sale of Fixed Assets	314,846	583,029
Operating Profit before Working capital changes	68,743,026	237,176,612
Changes in working capital:		
Receivables under Financing Activities (net)	(350,679,567)	(2,489,353,611)
Loans and advances	(3,375,317)	(22,382,554)
Other assets	(465,849,058)	(157,952,754)
Trade and other payables	(882,584,123)	529,728,608
Cash flow from operations	(1,633,745,039)	(1,902,783,699)
Tax paid	(18,272,134)	(75,975,658)
Net Cash from operating activities (A)	(1,652,017,173)	(1,978,759,357)
Cash flows from Investing activities		
Income from investments	-	8,808
Loss on investments	(97,442)	-
Purchase of Fixed Assets	(32,972,756)	(45,564,925)
Sale of Fixed Assets	718,181	415,465
Dividend from Mutual Funds	14,943,793	9,910,215
Net Cash from investing activities (B)	(17,408,224)	(35,230,437)
Cash flows from financing activities		
Proceeds from issue of share capital & securities premium (net)	1,247,885,772	-
Dividend and Dividend Tax Paid	(8,098,955)	(8,125,871)
Borrowings from banks / others	4,670,000,000	4,465,291,510
Repayment of Borrowings from banks / others	(3,218,870,008)	(2,113,564,361)
Net Cash from financing activities (C)	2,690,916,809	2,343,601,278
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	1,021,491,412	329,611,484
Balance of cash - Opening	509,133,469	179,521,985
Balance of cash - Closing	1,530,624,881	509,133,469

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 Cash Flow Statements'.
- Cash & cash equivalents at year end includes Rs.267,370,692/-(P.Y.Rs.10,742,718/-) in term deposits with banks, under lien against loans availed by the Company.
- Refer note 16 for items included in cash & cash equivalents.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of
Directors


S. Ganesh
Partner

 
Samit Ghosh **Sunil Patel**
Managing Director Director

Place : Bangalore
Date : May 15, 2012





Ujjivan Financial Services Private Limited

Notes to Financial Statements for the year ended March 31, 2012

1. CORPORATE INFORMATION

Ujjivan Financial Services is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Ujjivan serves the economically active poor in urban and semi-urban areas. It holds a valid certificate of registration dated October 31, 2005 issued by the Reserve Bank of India. Ujjivan has its headquarters in Bangalore with regional offices in New Delhi, Kolkata and Pune. It has 299 branches in 20 states and Union territories across India as at March 31, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The Financial statements of the company have been Prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financials statements to comply in all material respects with the accounting standards notified under the Companies(Accounting standards) Rule, 2006 (As ammended) and the relevant provision of the companies act,1956. The Financial statements have been prepared on an accrual basis and the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the Company.

2. Use of estimates

The presentation of financial statements in conformity with Indian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from those estimates.

3. Cash Flow Statement

The Cash Flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard 3.

4. Fixed Assets

Fixed assets are stated at cost net of depreciation. The cost of an asset comprises its purchase price (net of capital grants)

and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

5. Depreciation

Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956. Leasehold improvements are depreciated over the primary lease period.

Depreciation on additions is charged proportionately from the date of acquisition / installation. Individual assets costing less than Rs.5,000/- are depreciated in full, in the year of acquisition.

6. Investments

Investments are classified into current investments and long-term investments. Current investments are carried at lower of cost.

7. Receivables Under Financing Activity


Receivables under financing activity include Business Loans, Family Loans, Housing Loans, Education loan, Live stock Loans, Bazaar Loans, Short term Business Loans, Individual Business Loans and loans for purchase of mobile phones, solar light and water purifier. Loans are classified into 'Performing and Non-Performing' assets in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India as amended from time to time.

8. Revenue Recognition

Revenue from Interest on loans financed by the company is recognized on accrual basis, considering the directions issued by the Reserve Bank of India from time to time in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. Loans are classified into 'Performing and Non-Performing' assets in terms of the said Directions.

Revenues from loan documentation and meeting charges are recognised as income on cash basis.

Revenue from interest income on Fixed Deposits with Banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.



Interest income on securitization is recognised on accrual basis.

Dividend income is recognized when the right to receive is established.

9. Grants

Grants received towards acquisition of fixed assets are adjusted against the cost of the assets. Grants related to revenue are deducted from the related expenses. Grants against employee loans are included in Reserves and Surplus.

10. Employee benefits

a) Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits for current employees are estimated and measured on an undiscounted basis.

b) Defined Contribution Plan

Company's contributions paid / payable during the year to Provident Fund and Pension fund are recognised in the Profit and Loss Account.

c) Defined Benefit Plan

Liabilities for gratuity funded in terms of a scheme administered by the Life Insurance Corporation of India, are determined by Actuarial Valuation on Projected Unit Credit Method made at the end of each financial year. Provision for liabilities pending remittance to the fund is carried in the Balance Sheet.

d) Liability for compensated absences is provided based on actuarial valuation carried out at the end of each financial year using Projected Unit Credit Method and is not funded.

Actuarial gains and losses are recognized immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated

future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds.

11. Lease

Assets acquired under lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss account on accrual basis.

12. Earnings per share

In determining the earnings per share the company considers the net profit / (loss) after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

13. Income taxes & Deferred taxes

Provision for current year tax is made after taking into consideration benefits/disallowances admissible under the provisions of the Income Tax Act, 1961.

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed depreciation and carried forward business losses, are recognized only if there is virtual certainty that they will be realized and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantially enacted tax rates.

14. Provisions and Contingent Liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined





based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

15. Employee Stock Option Plan

The Company has Employee Stock Option Plans for the benefit of its employees. Options granted in terms of the Stock

option plans on or after April 1, 2005 are accounted in accordance with the Guidance Note on Accounting for Employee Share Based Payment Plans issued by the Institute of Chartered Accountants of India (ICAI). The difference between the intrinsic value of the stock option granted on or after April 1, 2005 and exercise price, if any, is expensed as "Employee Compensation" over the period of vesting.

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 3 - Share Capital		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
Authorised		
75,000,000 Equity Shares of Rs.10/- each	750,000,000	600,000,000
(P.Y.60,000,000 Equity Shares of Rs.10/- each)		
	750,000,000	600,000,000
Issued		
57,286,626 Equity Shares of Rs.10/- each	572,866,260	348,424,600
(P.Y.34,842,460 Equity Shares of Rs.10/- each)		
	572,866,260	348,424,600
Subscribed & fully Paid up		
57,286,626 Equity Shares of Rs.10/- each	572,866,260	348,424,600
(P.Y.34,842,460 Equity Shares of Rs.10/- each)		
Total	572,866,260	348,424,600
i) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:		
	Number of shares March 31, 2012	Number of shares March 31, 2011
Number of shares outstanding at the beginning of the year	34,842,460	34,842,460
Add: Additional shares issued during the year	22,444,166	-
Number of shares outstanding at the end of the year	57,286,626	34,842,460
ii) Reconciliation of equity shares capital outstanding at the beginning and at the end of the year:		
	Amount in Rs. March 31, 2012	Amount in Rs. March 31, 2011
Share capital outstanding at the beginning of the year	348,424,600	348,424,600
Add: share capital issued during the year	224,441,660	-
Share capital outstanding at the end of the year	572,866,260	348,424,600
iii) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:		
Class of shares / Name of the shareholder	Number of shares as at March 31, 2012	Number of shares as at March 31, 2011
Equity Shares:		
Sequoia Capital India Investments III	9,529,376	7,774,990
WCP Holdings III	7,017,544	-
India Financial Inclusion Fund	5,896,182	2,387,410
FMO Netherlands	5,720,000	-
Elevar Equity Mauritius	5,535,732	3,342,750
Mauritius Unitus Corporation	4,869,476	4,430,880
Bellwether Microfinance Fund	4,116,040	4,116,040
Michael and Susan Dell Foundation	3,556,810	3,556,810
iv) The company has only one class of equity shares with voting rights (one vote per share).		
v) As of March 31,2012 - 3,484,246 Equity shares of Rs. 10/- each (P.Y. 3,484,246 Equity shares of Rs.10/- each) are reserved for issuance to employees towards outstanding employee stock options granted/available for grant.		



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 4 - Reserves & Surplus		(Amount in Rupees)	
Particulars	As at March 31, 2012	As at March 31, 2011	
a. Securities Premium Account			
Opening Balance	676,789,400	676,789,400	
Add : Premium on shares issued during the year	1,054,875,802	-	
Less : Utilised during the year for			
Writing off shares issue expenses	30,126,690	-	
Discount on Debentures	1,305,000	-	
Closing Balance	1,700,233,512	676,789,400	
b. Other Reserves - Statutory Reserve *			
Opening Balance	42,096,869	19,278,406	
Add: Additions during the year	3,429,679	22,818,463	
Less: Utilised during the year	-	-	
Closing Balance	45,526,548	42,096,869	
c. Other Reserves - Employee Loan Grant			
Opening Balance	1,300,000	1,300,000	
Add: Additions during the year	-	-	
Less: Utilised during the year	-	-	
Closing Balance	1,300,000	1,300,000	
d. Surplus in Statement of Profit and Loss			
Opening balance	93,679,747	10,504,849	
Add: Profit for the year	17,148,394	114,092,316	
Less: Dividends proposed to be distributed to equity shareholders Rs. Nil (P.Y.Rs. 0.20 per share)	-	6,968,492	
Less: Tax on Dividend	-	1,130,463	
Less: Transferred to statutory reserve	3,429,679	22,818,463	
Closing Balance	107,398,462	93,679,747	
Total	1,854,458,522	813,866,016	
* The company has transferred 20% of the profit after Tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934.			

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 5 - Long Term Borrowings		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Non Convertible Debentures		
Secured		
29 debentures, 13.12% Secured Redeemable Non Convertible Debentures of Rs.10,000,000/- each redeemable at par at the end of 2 years from the date of allotment January 16, 2012 issued at 0.45% discount on face value (Refer Note (i) and (ii) below)	290,000,000	-
320 debentures, 12.80% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 2 years from the date of allotment July 29, 2011 (Refer Note (i) below)	320,000,000	-
230 debentures, 12.86% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 3 years from the date of allotment June 27, 2011 (Refer Note (i) below)	230,000,000	-
40 debentures, 10.40% Secured Redeemable Non Convertible Debentures of Rs.10,000,000/- each redeemable at par at the end of 720 days from the date of allotment December 31, 2010 (Refer Note (i) below).	-	400,000,000
	840,000,000	400,000,000
(b) Term loans		
Secured		
from Banks (Refer Note (iii) below).	1,227,375,812	689,335,090
from other parties (Refer Note (iii) below).	483,033,300	581,071,800
	1,710,409,112	1,270,406,890
Unsecured		
from other parties (Refer Note (iii) below).	-	647,987
	-	647,987
	1,710,409,112	1,271,054,877
Total	2,550,409,112	1,671,054,877
i) Debentures are secured by Hypothecation of book debts.		
ii) The Company is eligible to reissue the debentures. As at March 31, 2012, 29 number of debentures of Rs.10,000,000/- each (As of March 31, 2011 Nil number of debentures of Rs. Nil each) are available for reissuance.		



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

(iii) Nature of Security and terms of repayment for secured borrowings including current maturities (other than debentures):

As at March 31, 2012			
Particulars	Current Amount in Rs	Non Current Amount in Rs	Security and terms of Repayment
Borrowings from banks			
Terms loans from Banks amounting to Rs.540,171,435/-	430,171,435	110,000,000	Secured by Book debts and repayable in 15- 24 equal quarterly installments with 3 to 6 months moratorium from the date of the loan with interest of 12.75 % - 14.75% p.a.
Terms loans from Banks amounting to Rs.1,187,258,335/-	865,246,668	322,011,667	Secured by Book debts and repayable in 12-36 equal monthly installments with 1 to 6 months moratorium from the date of the loan with interest of 12% - 14.75% p.a.
Terms loans from Banks amounting to Rs.41,666,658/-	41,666,658	-	Secured by Book debts & cash collateral and repayable in 36 equal monthly installments with 2 months moratorium from the date of the loan with interest of 13.75% p.a.
Terms loans from Banks amounting to Rs.223,999,000/-	109,716,000	114,283,000	Secured by Book debts and repayable in 18-35 equal monthly installments from the date of the loan with interest of 11.75%-14% p.a.
Terms loans from Banks amounting to Rs.1,669,997,145/-	988,916,000	681,081,145	Secured by Book debts and repayable in 12-36 equal quarterly installments from the date of the loan with interest of 11%-14.75% p.a.
Terms loans from Banks amounting to Rs.243,500,000/-	243,500,000	-	Secured by Book debts & cash collateral and repayable in 24- 25 quarterly installments from the date of the loan with interest of 13.50% - 14.50 % p.a.
	2,679,216,761	1,227,375,812	
Borrowings from others			
Terms loans from others amounting to Rs.17,777,777/-	17,777,777	-	Secured by Book debts and repayable in 18 equal monthly installments from the date of the loan with interest of 13.50% p.a.
Terms loans from others amounting to Rs.1,007,421,800/-	524,388,500	483,033,300	Secured by Book debts & cash collateral and repayable in 40- 55 equal monthly installments with 6 months moratorium from the date of the loan with interest of 11%- 13 % p.a.
	542,166,277	483,033,300	
Unsecured borrowings			
Term loan from others amounting to Rs.647,986/-	647,987	-	Repayable in 36 equal monthly installments with 26 months moratorium from the date of the loan with interest of 12% p.a.
	647,987	-	
Total	3,222,031,025	1,710,409,112	

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

As at March 31, 2011			
Particular	Current Amount in Rs	Non Current Amount in Rs	Terms of Repayment
Borrowings from banks			
Terms loans from Banks amounting to Rs.786,930,025/-	626,758,597	160,171,428	Secured by Book debts and repayable in 21-24 equal quarterly installments with 3 to 6 months moratorium from the date of the loan with interest of 12 % - 13.50% p.a.
Terms loans from Banks amounting to Rs.32,289,327/-	32,289,327	-	Secured by Book debts and repayable in 14-24 equal monthly installments with 2 to 3 months moratorium from the date of the loan with interest of 13% - 13.75% p.a.
Terms loans from Banks amounting to Rs.87,451,825/-	45,785,164	41,666,662	Secured by Book debts & cash collateral and repayable in 36 equal monthly installments with 2 months moratorium from the date of the loan with interest of 13% p.a.
Terms loans from Banks amounting to Rs.50,000,000/-	50,000,000	-	Secured by Book debts and repayable in 18 equal monthly installments from the date of the loan with interest of 14% p.a.
Terms loans from Banks amounting to Rs.1,381,145,868/-	1,137,148,868	243,997,000	Secured by Book debts and repayable in 9-36 equal quarterly installments from the date of the loan with interest of 9.5% - 13.50% p.a.
Terms loans from Banks amounting to Rs.487,400,000/-	243,900,000	243,500,000	Secured by Book debts & cash collateral and repayable in 24-25 quarterly installments from the date of the loan with interest of 12.25% - 13% p.a.
	2,135,881,956	689,335,090	
Borrowings from others			
Terms loans from others amounting to Rs.30,000,000/-	30,000,000	-	Secured by Book debts and repayable in 36 equal monthly installments with 12 months moratorium from the date of the loan with interest of 14.5% p.a.
Terms loans from others amounting to Rs.1,004,857,400/-	423,785,600	581,071,800	Secured by Book debts & cash collateral and repayable in 40-55 equal monthly installments with 6 months moratorium from the date of the loan with interest of 11%- 12.5 % p.a.
	453,785,600	581,071,800	
Unsecured borrowings			
Term loan from others amounting to Rs.2,444,208/-	1,796,221	647,987	Repayable in 36 equal monthly installments with 26 months moratorium from the date of the loan with interest of 12% p.a.
	1,796,221	647,987	
Total	2,591,463,777	1,271,054,877	



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 6 - Long-term Provisions		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits		
(i) Provision for compensated absences	18,263,973	14,357,853
(b) Provision - Others		
(i) Provision for receivables under financing activity	952,084	178,471
Total	19,216,057	14,536,324

Note 7 - Short-term Borrowings		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
Loan repayable on demand		
Secured		
Cash credit from Banks (Refer Note (i) below)	-	8,791,510
	-	8,791,510
Total	-	8,791,510
i) Cash credit from banks are secured by hypothecation of book debts.		

Note 8 - Trade Payables		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
Trade payables (Refer note 25.5)	40,914,875	42,875,788
Total	40,914,875	42,875,788

Note 9 - Other Current Liabilities		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Current maturities of non convertible debentures (Refer Note (i) below)	400,000,000	450,000,000
(b) Current maturities of long-term debt (Refer Note (i) below)	3,222,031,025	2,591,463,777
(c) Interest accrued but not due on borrowings	68,254,340	49,288,986
(d) Other payables		
(i) Statutory remittances	10,373,580	5,683,258
(ii) Security deposits from customers	96,775,882	1,039,433,739
(iii) Securitisation related liabilities	22,841,505	-
(iv) Other payable	13,457,371	3,506,939
(v) Deposit from vendors	125,000	300,000
(vi) Credit balance in current account	15,000	-
Total	3,833,873,703	4,139,676,699

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note (i) :Current maturities of long term debts		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Non Convertible Debentures *		
Secured		
40 debentures, 10.40% Secured Redeemable Non Convertible Debentures of Rs.10,000,000/- each redeemable at par at the end of 720 days from the date of allotment December 31, 2010.	400,000,000	-
450 debentures, 10.95% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 366 days from the date of allotment July 27, 2010	-	450,000,000
Total	400,000,000	450,000,000
(b) Term loans (Refer Note 5 (iii))		
From banks		
Secured	2,679,216,761	2,135,881,956
From other parties		
Secured	542,166,277	453,785,600
Unsecured	647,987	1,796,221
Total	3,222,031,025	2,591,463,777
*Debentures are secured by hypothecation of book debts.		

Note 10 - Short Term provision		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits		
(i) Current maturities of compensated absences	1,138,045	983,020
(ii) Provision for gratuity (net) (Refer Note 26 (1))	7,468,204	5,782,294
(b) Provision - Others		
(i) Provision for Tax (net of advance tax Rs.119,059,399/- (as at March 31, 2011 Rs.100,787,265)	3,652,231	6,124,365
(ii) Fringe Benefit Tax payable (net of advance FBT)	162,523	162,523
(iii) Provision for proposed equity dividend	-	6,968,492
(iv) Provision for tax on proposed equity dividend	-	1,130,463
(v) Provision for receivables under financing activity	91,037,917	56,314,085
Total	103,458,920	77,465,242

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED
Notes forming part of financial statements

Note 11 - Fixed assets		(Amount in Rupees)								
Fixed Assets	Gross Block				Accumulated Depreciation & impairment				Net Block	
	Balance as at April 1, 2011	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Depreciation/ amortisation expense for the year	On disposals	Balance as at March 31, 2012	Balance as at March 31, 2012	Balance as at March 31, 2011
A Tangible Assets										
Computers	53,692,768*	6,197,337	189,750	59,700,355	13,277,298	9,028,050	36,338	22,269,010	37,431,345	40,415,470
Leasehold improvements	30,215,169	3,963,943	2,117,227	32,061,885	15,901,278	5,273,304	2,042,739	19,131,843	12,930,042	14,313,891
Furniture and Fixtures	21,139,006	4,202,760	597,312	24,744,454	11,283,257	2,423,075	412,918	13,293,414	11,451,040	9,855,749
Vehicles	2,580,914	-	254,221	2,326,693	910,935	190,201	236,434	864,702	1,461,991	1,669,979
Office equipment	26,853,670	4,711,224	846,636	30,718,258	5,181,184	1,732,226	243,690	6,669,720	24,048,538	21,672,486
Total (A)	134,481,527	19,075,264	4,005,146	149,551,645	46,553,952	18,646,856	2,972,119	62,228,689	87,322,956	87,927,575
Previous Year	96,921,202	40,862,773	3,302,448	134,481,527	24,961,492	23,896,414	2,303,954	46,553,952	87,927,575	
B Intangible Assets										
Computer Software	15,408,961	19,969,026	-	35,377,987	5,741,596	5,388,848	-	11,130,444	24,247,543	9,667,365
Total (B)	15,408,961	19,969,026	-	35,377,987	5,741,596	5,388,848	-	11,130,444	24,247,543	9,667,365
Previous Year	12,642,726	2,766,235	-	15,408,961	3,492,155	2,249,441	-	5,741,596	9,667,365	-
Total (A) + (B)	149,890,488	39,044,290	4,005,146	184,929,632	52,295,548	24,035,704	2,972,119	73,359,133	111,570,499	97,594,940
Previous Year	109,563,928	43,629,008	3,302,448	149,890,488	28,453,647	26,145,855	2,303,954	52,295,548	97,594,940	
* Net of grants received for purchase of computers Rs.1,550,000/-										

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 12 - Non Current Investments	(Amount in Rupees)	
Particulars	As at March 31, 2012	As at March 31, 2011
Trade Investments, at cost		
Investment in equity instruments Alpha Micro Finance Consultants Pvt Ltd, 100,000 Equity shares (P.Y.100,000) of Rs.10/- each fully paid up	1,000,000	1,000,000
Total	1,000,000	1,000,000
Aggregate amount of unquoted investments	1,000,000	1,000,000

Note 13 - Long term loans and advances	(Amount in Rupees)	
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Capital advances	-	6,071,534
(b) Security Deposits Unsecured, considered good	27,573,702	28,253,256
(c) Loans and advances to employees - Unsecured, considered good	2,048,816	2,033,403
Total	29,622,518	36,358,193

Note 14 - Other Non Current Assets	(Amount in Rupees)	
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Receivable under financing activity (long-term) unsecured (Refer Note 15(i) and Note 25.6)	380,833,686	71,388,267
(b) Non current portion of unamortised expenses	15,631,562	3,219,159
(c) Interest accrued on long term deposits	8,068,397	6,184,573
(d) Term deposits- Balance held as Security against Borrowings (more than 12 months maturity) *	74,750,000	95,000,000
Total	479,283,645	175,791,999

*Term deposits with a carrying amount of Rs.74,750,000/- (P.Y. Rs.95,000,000/-) are under lien against loans availed by the Company.

Note 15 - Trade receivables under financing activity	(Amount in Rupees)	
Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured		
Outstanding for a period less than six months from the date they are due for payment (Refer Note (i) below and note 25.6)	6,484,193,241	6,163,130,264
	6,484,193,241	6,163,130,264
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment (Refer Note (i) below and Note 25.6)	46,542,607	16,926,017
	46,542,607	16,926,017
Total	6,530,735,848	6,180,056,281

(i) Assets derecognised on account of securitization of receivables is Rs.122,657,252/- (P.Y. Nil)



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 16 - Cash and Bank Balances		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
I. Cash & Cash equivalent		
a) Cash in Hand	4,668,388	4,955,110
b) Balances with Banks		
(i) In Current account	473,585,801	127,535,641
(ii) In deposit accounts with original maturity less than 3 months (Refer Note (i) below)	1,052,370,692	376,642,718
	1,530,624,881	509,133,469
II. Other bank balances		
(i) In Earmarked deposits (Refer Note (ii) below)	83,900,000	2,591,996
	83,900,000	2,591,996
Total	1,614,524,881	511,725,465
Note		
i) Term deposits aggregating to Rs.267,370,692/-(P.Y.Rs.10,742,718/-) are under lien against loans availed by the company and as cash collateral under securitisation.		
ii) The company has placed fixed deposit as guarantees for term loans received from banks and as cash collateral under securitisation. Term deposits aggregating to Rs.83,900,000/-(P.Y.Rs.2,591,996/-) are under lien against loans availed by the company and as cash collateral under securitisation.		

Note 17 - Short-term Loans and Advances		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Deposits - Unsecured, considered good	173,904	126,831
(b) Loans and advances to employees		
Unsecured, considered good	11,892,023	10,489,102
Unsecured, considered doubtful	1,939,871	644,575
	13,831,894	11,133,677
Less: Provision for doubtful loans and advances	1,939,871	644,575
	11,892,023	10,489,102
(c) Prepaid expenses - Unsecured, considered good	4,055,563	6,958,158
(d) Other advances *		
Unsecured, considered good	6,089,314	2,407,699
Unsecured, considered doubtful	1,310,877	884,949
	7,400,191	3,292,648
Less: Provision for doubtful loans and advances	1,310,877	884,949
	6,089,314	2,407,699
Total	22,210,804	19,981,790
* includes insurance claim receivable and advance for expenses.		

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 18 - Other Current Assets		(Amount in Rupees)
Particulars	As at March 31, 2012	As at March 31, 2011
(a) Current portion of unamortised expenses	19,848,498	8,838,460
(b) Interest accrued	124,152,507	58,288,322
(c) Accrued income	10,045,211	5,870,024
Total	154,046,216	72,996,806

Note 19 - Income from Operations		(Amount in Rupees)
Particulars	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Interest on Loans	1,338,230,271	1,326,710,601
Loan processing fee	109,468,441	192,222,993
Other financial services	34,732,532	-
Total	1,482,431,244	1,518,933,594

Note 20 - Other Income		(Amount in Rupees)
Particulars	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Interest on fixed deposits	23,865,875	7,073,342
Dividend income from current investments in mutual funds	14,943,793	9,910,215
Gain on sale of investments	-	8,808
Fee income	37,630,707	26,597,804
Miscellaneous income	4,160,274	1,907,155
Total	80,600,649	45,497,324

Note 21 - Employee Benefits Expense		(Amount in Rupees)
Particulars	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Salaries and wages	524,298,777	482,759,950
Contributions to provident fund and other funds (Refer Note 26.1)	35,392,885	31,477,561
Staff welfare expenses (includes ESIC employer contribution)	41,985,655	39,595,283
Total	601,677,317	553,832,794



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 22 - Administrative and Other Expenses		(Amount in Rupees)	
Particulars	For the Year ended March 31, 2012	For the Year ended March 31, 2011	
Electricity & Water Charges	7,354,437	6,927,132	
Rent	48,789,356	43,186,916	
Repairs & Maintenance			
Buildings	2,089,611	807,696	
Others	5,600,903	4,353,700	
Security & house keeping expenses	18,580,116	19,378,839	
Office maintenance	6,740,999	7,483,536	
Insurance	2,248,102	3,132,596	
Rates & taxes	8,390,150	4,480,827	
Audit fees (Refer Note (i) below)	1,659,764	1,339,750	
Professional charges	25,565,806	23,660,344	
Sitting fee	280,000	320,000	
Rebate	660,823	24,028,511	
Postage & courier	9,942,121	9,699,016	
Printing & stationery	16,633,776	27,892,799	
Recruitment expenses	308,489	766,591	
Telephone charges	20,410,817	16,916,990	
Training & conference charges	7,163,463	9,522,753	
Travelling and conveyance expenses	72,343,076	63,010,922	
Miscellaneous expenses	14,908,874	12,530,002	
Assets written off	89,220	5,171,916	
Loss on sale of investments	97,442	-	
Loss on sale of fixed assets (net)	314,846	583,029	
Provision for other advances	1,721,224	-	
Total	271,893,415	285,193,865	

Note (i)		(Amount in Rupees)	
Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011	
(i) Payments to the auditors comprises (net of service tax input credit)			
Statutory audit	900,000	600,000	
Tax audit	300,000	300,000	
Other attest services	360,000	420,000	
Reimbursement of expenses	99,764	19,750	
Total	1,659,764	1,339,750	

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 23 - Finance Costs		(Amount in Rupees)	
Particulars		For the Year ended March 31, 2011	For the year ended March 31, 2011
(a) Interest expense on			
(i) Borrowings		553,943,352	457,916,339
(ii) Others		54,172	150,919
(b) Loan processing fees, bank charges and other related costs		31,872,331	18,537,554
Total		585,869,855	476,604,812

Note 24 - Bad Debts and Provision on Receivables				(Amount in Rupees)	
Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011		
Bad Debts written off	22,127,219		7,458,757		
Less: amount released from provision	(15,589,267)	6,537,952	(3,725,237)	3,733,520	
Provision for Receivables under financing activities (net)		51,086,712		41,640,494	
Total		57,624,664		45,374,014	

Note 25 - Additional information to the financial statements		(Amount in Rupees)	
Particulars		As at March 31, 2012	As at March 31, 2011
25.1 Contingent liabilities and commitments (to the extent not provided for)			
(i) Contingent liabilities			
(a) Disputed taxes – Service tax		562,000	569,796
(ii) Commitments			
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for			
Tangible assets		-	342,000
Intangible assets		-	5,585,000

25.2 Disclosure on foreign currency exposure:				
Foreign Currency Exposure as at 31st March, 2012, that have not been hedged by a derivative instrument or otherwise:				
Particulars	As at March 31, 2012		As at March 31, 2011	
	Amount (in Rs.)	Amount (USD)	Amount (in Rs.)	Amount (USD)
(i) Advances Received	3,441,832	67,289	2,322,863	52,024
25.3 Earnings in foreign currency– Rs. Nil (PY. Nil)				
25.4 Expenditure in foreign currency – Rs. Nil (PY. Rs. Nil)				



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

25.5 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The above information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

25.6 Asset Classification & Provisioning:

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. Loans where the installment is overdue for a period of six months or more or on which interest amount remained overdue for a period of six months or more is treated as Non performing assets. Provision is made for loan assets as per the Company's policy which is higher than the provision required under the prudential norms.

Classification of Loans and provision made for Standard / sub standard / doubtful / loss assets are as given below

(Amount in Rupees)

Classification of Assets	As at March 31, 2012	As at March 31, 2011
Standard assets	6,848,375,315	6,233,376,196
Sub-standard assets	62,214,452	17,992,136
Doubtful assets	979,767	76,216
Total	6,911,569,534	6,251,444,548
Provision for doubtful loans	As at March 31, 2012	As at March 31, 2011
Standard assets- RBI norms	17,120,997	15,583,440
Standard assets - Company Policy	11,674,785	22,840,764
Sub-standard assets- RBI Norms	6,221,445	1,799,214
Sub-standard assets - Company Policy	55,993,007	16,192,922
Doubtful assets	979,767	76,216
Total	91,990,001	56,492,556

25.7 Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1st August 2008

(i) Capital to Risk asset ratio

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
Tier I Capital	2,345,624,202	1,130,137,669
Tier II Capital	41,070,997	-
Total	2,386,695,199	1,130,137,669
Total Risk Weighted Assets	7,211,816,489	6,467,281,434
Capital Ratios		
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	32.52%	17.47%
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	0.57%	-
Total Capital (%)	33.09%	17.47%

(ii) Exposure to Real Estate Sector, Both Direct & Indirect

The Company does not have any direct or indirect exposure to the Real Estate Sector as at March 31, 2012

(iii) Maturity Pattern of Assets and Liabilities

Maturity pattern of certain items of assets and liabilities as on March 31, 2012

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

(Amount in Rupees)

Particulars	Up to one month	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks and others	448,225,655	149,058,077	455,359,301	739,401,945	1,829,986,175	2,550,408,984			6,172,440,137
Market Borrowings	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-
Advances	825,417,350	798,091,352	765,919,916	2,004,016,889	2,137,290,341	380,584,911	162,873	85,902	6,911,569,534
Investments	-	-	-	-	-	-	-	1,000,000	1,000,000

Notes:

1. The above borrowing excludes interest accrued but not due.
2. The above information has been considered as per the Asset Liability Management Report compiled by the Management and reviewed by the ALM committee.

25.8 Disclosure of frauds reported during the year vide DNBS PD.CC NO. 256 / 03.10.042 / 2011 -12 dated March 02, 2012

	Less than Rs. 1 lakh		Rs. 1 to Rs. 5 lakhs		Rs. 5 - 25 lakhs		Total	
	No. of Accounts	Value Rs.in Lakhs	No. of Accounts	Value Rs.in Lakhs	No. of Accounts	Value Rs.in Lakhs	No. of Accounts	Value Rs.in Lakhs
A) Person involved								
Staff	108	1,225,679	4	543,954	2	1,220,765	114	2,990,398
Customer	-	-	-	-	-	-	-	-
Staff and customer	-	-	-	-	-	-	-	-
Total	108	1,225,679	4	543,954	2	1,220,765	114	2,990,398
B) Type of fraud								
Misappropriation and criminal breach of trust	108	1,225,679	4	543,954	2	1,220,765	114	2,990,398
Fraudulent encashment / Manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and forgery	-	-	-	-	-	-	-	-
Total	108	1,225,679	4	543,954	2	1,220,765	114	2,990,398

Note: The above summary is prepared based on the information available with the Company and relied upon by the auditors.



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 26 - Disclosures under Accounting Standards

26.1 Employee Benefits:

The details of employee benefits are as given below:

I Defined Contribution Plans

During the year, the Company has recognized the following amounts in the statement of profit and loss (Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
Employers' Contribution to Provident & Pension Fund	27,922,093	25,695,267
Employers Contribution to Employees State Insurance	15,334,000	14,229,261

II Defined Benefit Plan

Contribution to Gratuity Fund:

Details of defined benefit plan of gratuity are given below:

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
Components of employer expense		
Current Service cost	7,602,435	3,837,080
Interest cost	1,026,622	475,760
Expected return on plan assets	(780,984)	(420,607)
Actuarial Losses/(Gains)	(377,281)	1,890,061
Total expense/(income) recognized in the Statement of Profit & Loss	7,470,792	5,782,294
Actual Contribution and Benefit Payments for the year ended		
Actual benefit payments	(141,463)	1,269
Actual Contributions	5,784,882	3,282,828
Net asset/(liability) recognized in balance sheet as at		
Fair value of plan assets	12,907,844	6,366,338
Present Value of Defined Benefit Obligation	(20,376,048)	(12,148,632)
Excess of plan assets over present value of obligation	-	-
Net (liability) recognized in balance sheet	(7,468,204)	(5,782,294)
Change in Defined Benefit Obligation (DBO) during the year ended		
Present Value of DBO at the beginning of the year	12,148,632	5,947,000
Current service cost	7,602,435	3,837,080
Interest cost	1,026,622	475,760
Actuarial (gains)/losses	(260,178)	1,890,061
Benefits paid	(141,463)	(1,269)
Present Value of DBO at the end of the year	20,376,048	12,148,632

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Particulars	March 31, 2012	March 31, 2011
Change in Fair Value of Assets during the year ended		
Plan assets at the beginning of the year	6,366,338	2,664,172
Expected return on plan assets	898,087	420,607
Actual Company Contributions	5,784,882	3,282,828
Benefit Paid (estimated)	(141,463)	(1,269)
Plan assets at the end of the year	12,907,844	6,366,338
Actuarial Assumptions		
Discount Rate	8.50%	8.00%
Expected Return on plan assets	8.50%	9.15%
Rate of increase in compensation	8.00%	8.00%
Attrition rate	25.36%	21.65%
Retirement age	58	58
Investment details of plan assets		
Government Securities	20%	20%
Government Securities or other approved securities	40%	40%
Approved investment	Not exceeding 60%	Not exceeding 60%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Details relating to experience adjustment and expected future cashflow is given below

(Amount in Rupees)

Particulars	March 31, 2012
Defined Benefit Obligation at end of the year	20,376,048
Plan Assets at end of the year	12,907,844
Funded Status - Assets/ (Liabilities)	(7,468,204)
Experience Gain/(Loss) adjustments on Plan Liabilities	306,425
Experience Gain/(Loss) adjustments on Plan Assets	-
Actuarial Gain/(Loss) due to change on assumptions	218,303

In absence of details relating to experience adjustment previous years the same are not furnished

Expected cash outflow is Rs.7,468,204

III Other Long term employee benefits – Compensated absences

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2011
Charge in statement of Profit & Loss	8,370,192	8,684,346
Liability as at the year end	19,402,018	15,340,873



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

26.2 Segment Reporting

The Company's business segment is micro finance services and the principal geographical segment is India. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting.

26.3 Related Party Disclosures

A. List of Related Parties are given below:

Key Management Personnel Mr. Samit Ghosh , Managing Director

B. Transactions with Related Parties during the year:

(Amount in Rupees)

Particulars	Key Management Personnel	
	March 31, 2012	March 31, 2011
Remuneration:		
Mr. Samit Ghosh	3,785,721	3,120,000
Outstanding Balances		
Due from	-	-
Due to Mr. Samit Ghosh	-	776,910

26.4 Details of leasing arrangements

The Company has taken on operating lease certain facilities and office premises for a period ranging from 11 months to 120 months which are non-cancellable for the period as reflected in the respective agreements. These lease agreements provide for increase in the lease payments by 10% to 15% over the period as mentioned in the agreements. The total minimum lease payments for the current year, in respect of operating leases, included under rent, aggregates to Rs.48,789,356/- (P.Y.Rs.43,186,916/-)

The future lease payments in respect of the above are as follows:

Particulars	March 31, 2012	March 31, 2012
Not later than one year	41,691,047	40,420,548
Later than one year but not later than five years	63,672,124	53,074,485
Later than 5 years	3,493,076	12,695,385

26.5 Earnings per share

(Amount in Rupees)

Particulars	March 31, 2012	March 31, 2012
Net profit / (loss) after tax (Rs.)	17,148,394	114,092,316
Weighted average shares outstanding – Basic (Nos.)	38,567,526	34,842,460
Weighted average shares outstanding – Diluted (Nos.)	41,648,996	37,811,175
Earnings / (loss) per share – Basic (Rs.)	0.44	3.27
Earnings / (loss) per share – Diluted (Rs.)	0.41	3.02

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Other ratios are indicated below:		
Particulars	March 31, 2012	March 31, 2011
Debt Service ratio	0.18	0.27
Interest Coverage ratio	1.20	1.53
Debt Equity Ratio	2.59	4.22

26.6 Deferred Tax

In accordance with Accounting Standard -22 "Accounting for Taxes on Income", the company has recognized Rs.11,017,456/- (PY. Rs.15,812,738/-) as deferred tax credit as detailed below

(Amount in Rupees)

Particulars	Deferred Tax (Assets) / Liabilities as on April 1, 2011	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2012
Difference between book and tax depreciation	4,493,094	2,922,773	7,415,867
Provision for Employee benefits	(6,853,412)	(1,864,632)	(8,718,044)
Provision for doubtful assets	(18,825,264)	(12,075,597)	(30,900,861)
Net Deferred Tax (Asset) / Liability	(21,185,582)	(11,017,456)	(32,203,038)

Note 27 - Employee Stock Option Plan

The Company has established Employee Stock Option Plan (ESOP) for compensation to its employees, being ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010. The Company had granted options under the ESOP 2010 plan during July 2010 based on an exercise price of Rs.400/- each fully paid after a vesting period of 4 years after the grant date.

Option activity under the plans is as given as below:

Particulars	Number	
	March 31, 2012	March 31, 2011
Options granted, beginning of year	2,968,710	546,690
Granted during the year	378,112	2,609,350
Exercised during the year	-	-
Forfeited/Expired during the year	265,352	187,330
Options granted, end of year	3,081,470	2,968,710
Option exercisable at the year end	1,060,805	537,230
Weighted average of remaining contractual life (years) at the year end	2.05	3.28

For the options granted under ESOP 2010 plan the difference between the intrinsic value of the underlying shares in the year of grant & the options exercise price is charged to the profit and loss account. Accordingly, the compensation charge thereon in the current year is Rs. Nil.

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and Earnings Per Share (EPS) both basic & diluted, had the company adopted the fair value method amortising the stock compensation expense thereon over the vesting period, the reported profit for the year ended March 31, 2012 would have been lower by Rs.1,053,229/- and the basic and diluted EPS would have been revised to Rs.0.42/- and Rs.0.39/- respectively.

The fair value of the stock option is calculated through the use of option pricing models, requiring subjective assumptions which greatly affect the calculated values. The said fair value of the options have been calculated using Black-Scholes option pricing model, considering the expected term of the options to be 4 years, an expected dividend rate of 2% on the underlying equity shares, risk free rate of 6.5% and volatility in the share price of 0% since the company being closely held and its shares not being freely traded. The Company's calculations are based on a single option valuation approach, and forfeitures are recognized as they occur.



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Notes forming part of financial statements

Note 28 - Securitization of recivables from financial activities:

As per RBI guidelines on Securitisation on Standard Assets issued on February 6, 2006, the details of assets de-recognized by way of securitization are given below:

Particulars	Amount
Total number of loan assets securitized during the year	67,124
Book value of loan assets securitized during the year	575,321,108
Sale consideration for loan assets securitized during the period	575,321,108
Total profit/Gain on account of securitization to be amortized over the life of the receivables	Nil
Quantum of credit enhancement in the form of deposits	47,900,000
Income on securitization transaction	35,786,421
Income recognized in the profit and loss account up to March 31,2012	34,732,532

Note 29

The schedule VI of Company's Act 1956, as amended, has become effective from April 1, 2011, for the preparation of the financial statements. Accordingly previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure.

For and on behalf of the Board of Directors

Samit Ghosh
Managing Director



Sunil Patel
Director

Place: Bangalore

Date: May 15, 2012

**Schedule to the Balance Sheet of Ujjivan Financial Services Pvt Ltd
a Non Deposit taking Non Banking Financial Company**

(as required in terms of Paragraph 13 of Non Banking Financial (Non-Deposit Accepting or Holding)
companies Prudential Norms(Reserve Bank) Directions,2007)

(Amount in Rs.Lakhs)

	Particulars	Amount Outstanding	Amount Overdue
	Liabilities Side		
(1)	Loans and advances availed by the Non Banking finance company inclusive of interest accrued thereon but not paid		
	a) Debentures - Secured	12,400.00	NA
	- Unsecured (other than falling within the meaning of public deposits)	Nil	NA
	b) Deferred Credits	Nil	NA
	c) Term Loans	49,324.40	Nil
	d) Inter corporate Loans and borrowing	Nil	NA
	e) Commercial Paper	Nil	NA
	f) Other loans (specify nature)	Nil	NA
	Assets Side		
(2)	Break up of Loans and advances including Bills Receivables (Other than those included in 4 below:)	Amount outstanding	
	a) Secured	Nil	
	b) Unsecured		
	i) Long term loans and advances	296.23	
	ii) Receivable from financing activities	65,307.36	
	iii) Short term loans and advances	222.11	
	iv) Other current assets	1,540.46	
	v) Other non current assets	4,792.84	
(3)	Break up of Leased assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under Sundry Debtors		
	(a) Financial Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
	(ii) Stock on assets including hire charges under Sundry Debtors		
	(a) Assets on Hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil



	Particulars	Amount outstanding	Amount Overdue	
(4)	Break up of Investments			
	Current Investments	Nil	Nil	
	1. Quoted			
	(i) Shares - a Equity			
	b Preference			
	(ii) Debentures and bonds			
	(iii) Units of mutual funds			
	(iv) Government Securities			
	(v) Others			
	2. Unquoted			
	(i) Shares - a Equity			
	b Preference			
	(ii) Debentures and bonds			
	(iii) Units of mutual funds			
	(iv) Government Securities			
	(v) Others			
	Long term investments	Nil	Nil	
	1. Quated			
	(i) Shares - a Equity			
	b Preference			
	(ii) Debentures and bonds			
	(iii) Units of mutual funds			
	(iv) Government Securities			
	(v) Others			
	2. Unquoted			
	(i) Shares - a Equity			
	b Preference	10.00		
	(ii) Debentures and bonds			
	(iii) Units of mutual funds			
	(iv) Government Securities			
	(v) Others			
	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
(5)	Borrower Group wise classification of assets financed as in (2) & (3) above. Please see note 2 below			
	1. Related parties**			
	a Subsidiaries	Nil	Nil	Nil
	b Companies in the Same Group	Nil	Nil	Nil
	c Other related parties	Nil	Nil	Nil
	2. Other than related parties	Nil	68,872.47	68,872.47
	Total	Nil	68,872.47	68,872.47

	Category	Market value/Breakup or fair value or NAV	Book Value (Net of Provisions)
(6)	Investor Group wise classification of all investments (Current and long term) in shares and securities (both quoted and unquoted) please see note 3 below		
	1. Related parties**	Nil	Nil
	a Subsidiaries	Nil	Nil
	b Companies in the Same Group	Nil	Nil
	c Other related parties	Nil	Nil
	2. Other than related parties	Nil	10
	Total	Nil	10
	** As per accounting standard of ICAI (Please see note 3)		
	Particulars		Amount
(7)	Other information		
	1. Gross Non performing Assets		
	a. Related parties		Nil
	b. Other than related parties		631.94
	2. Net Non performing Assets		
	a. Related parties		Nil
	b. Other than related parties		559.93
	3. Assets acquired in satisfaction of debt		Nil

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance in public Deposit (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial(non-Deposit Accepting or Holding) companies Prudential Norms(Reserve Bank) directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

For and on behalf of the Board of Directors

Place: Bangalore

Date: May 15, 2012

Sunil Patel

Director



Samit Ghosh

Managing Director



Part IV of Schedule VI of the Companies Act, 1956 (As Amended)
Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No. : 035329

State Code : 08

Balance Sheet Date : 310312

II Capital Raised during the year (Rs. in thousands)

Public Issue : NIL

Right Issue : NIL

Bonus Issue : NIL

Private Placement : 224441

III Position of Mobilisation and Deployment of Funds (Rs. in thousands)

Total Liabilities : 8975197

Total Assets : 8975197

Source of Funds

Paid-up Capital : 572866

Reserve and Surplus : 1854458

Secured Loan : 6171792

Unsecured Loans : 0647

Application of Fund

Net Fixed Assets : 111570

Investments : 1000

Net Current Assets : 8454991

Misc Expenditure : NIL

Accumulated Losses : NIL

IV Performance of Company

Turnover : 1482431

Total Expenditure : 1541100

Profit (Loss) before Tax : 021930

Profit (Loss) after tax : 17148

Earnings per Share : 0.44

Dividend Rate : 00

V Generic Name of Three Principal Products/Services of Company (As per Monetary terms)

Item Code No : NIL

Product Description : MICROFINANCE

For and on behalf of the Board of Directors


Samit Ghosh

Managing Director


Sunil Patel

Director



Place: Bangalore

Date: 15th May, 2012



Ujjivan
Build a Better Life



Social Performance Report

2011 - 2012





All rights reserved, No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without the written permission of the publisher except where permitted by law.

ISBN No. 909980

Published by:
Ujjivan Financial Services Pvt. Ltd.
#93, Jakkasandra Extension
Sarjapur Main Cross Road
1st Block, Koramangala
Bangalore - 560 034



Table of Contents

Section	Page No.
Social Development Program.....	1
Community Welfare.....	4
Child Welfare.....	8
Accident & Disaster Relief.....	12
Community Welfare by Staff.....	14
Parinaam Foundation	
Letter from Executive Director	17
Health Care	
Medical Intervention Program	20
Health Camps	22
Awareness Programs.....	24
Livelihood	
Jalmitra Livelihood Development and Safe Water Awareness Program.....	26
Vocational Training Programs	28
Education	
Academic Adoption Program	30
Higher Education Scholarship Program.....	32
Educational Grant Initiative	34
Diksha – Financial Literacy Program	35
Urban Ultra Poor Program	37







Social Development Program

Our Social Development Program, first started in 2010, continues to widen its reach across the country and make an impact on a larger population. The initiative empowers our customers and local branch staff to choose issues and work on projects for the welfare of the local community in the branch area. These projects and activities, funded by Ujjivan, are conducted in the branch locality every year – with focus being on the well-being of children and the larger community.

Projects under this program, which address child welfare and development, predominantly focus on the needs of the local anganwadi as this has been one of the priorities for our customers, who send their children to these child care centres.

The Government of India's Anganwadi (child day-care centre) program was started in 1975 as part of Integrated Child Development Services to combat child hunger and malnutrition. These centres also provide a learning environment for pre-school children, and are run by anganwadi workers who belong to the community where these are located.

As part of the child welfare oriented projects, Ujjivan provided school facilities, education material, toys and other basic classroom amenities to the anganwadis and Government schools. Additionally, several customer groups also wanted to support local institutions catering to orphans and the differently-abled. Ujjivan also arranged requisite materials and items for these orphanages and schools for the visually challenged and the handicapped.

A significant change in 2011-12 was in the large number of customers wanting infrastructure development of their local community as part of the social development program. These included installing tube bore-wells for drinking water, constructing urinals, setting up basic bus stop shelters and other similar projects.



Particulars	South	East	North	West	Total
Programs conducted	78	65	27	22	192
Community welfare projects*	1	162	11	0	174
Child welfare projects*	77	51	16	22	166
Beneficiary Anganwadis	1089	296	4	217	1606
Beneficiary Government Schools	72	76	12	0	160
Other Beneficiary Institutions: Orphanages / Schools for visually / physically / mentally challenged children/ Girls' hostels	16	41	4	0	61
Children beneficiaries	30543	16317	15000	9581	71441
Total Expenditure (Rs.)	1900009	1617437	667611	520952	4706009

** Multiple projects can form part of a social development program*

The Social Development Program functions and inaugurations are attended by Governments officials, media, customers, staff and management of Ujjivan and Parinaam. This year we had the likes of world-renowned magician PC Sorcar Jr., former Mr.Universe, 100-year old Manohar Aich, freedom fighter M S Hanumantha Rao and Padma Bhushan Shobhana Ranade gracing our social development program functions as chief guests. We have also received letters of appreciation from Government Departments for the social activities undertaken.

Future Plan 2012-13					
	South	East	North	West	Total
Branches	92	105	54	45	296
Programs	90	105	54	45	294

Focus Areas

- Expansion of Model Anganwadi initiative
- Development of Community Resource Centres
- Launch of Child malnutrition initiative
- Widen scope of community infrastructure development





Community Welfare: Creating modern urban societies

Standalone financial services cannot help in the development of excluded or underprivileged communities. To ensure true progress of a society requires an all-round approach, by integrating grassroots level community needs and top-down scalable interventions. The Social Development Program was envisaged with the objective of ensuring improvement in quality of life and well-being through improvements in literacy levels, education, standards of living and child welfare.

In addition to supporting local anganwadis, this year there have been several other unique interventions for development of the local community, proposed by our clients and branch staff.

Children's Park in Bagnan (West Bengal)

In the small semi-urban town of Gulmutha, local children did not have their own place to play. A small piece of barren land laid waste, which residents felt could be converted to a play park if only they and the local administration had the monetary means. Our clients proposed that Ujjivan help them on this project as part of the Social Development Program.



Branch staff at first, were sceptical given the budgetary limitations and large scale work involved. However, looking at the determination of the residents and the willingness of the local administration to help out in this cause, they soon changed their minds. The staff also persuaded local resident construction labourers to work on the community project, to help reduce costs.



The new Ujjivan Children's Park with child slides, swings and manicured plants, was inaugurated by the local MLA in the presence of senior academicians from local schools and a large number of residents.





Urinals at Khurja Bus Terminal (Uttar Pradesh)

Khurja is also known as Ceramics City since the town supplies large portions of ceramics and pottery for use around the country. It is a major halt between Delhi and Lucknow, and serves as a travel hub for other cities such as Kanpur and Aligarh in the North. Over time the large numbers of people passing through the bus terminal had put immense pressure on the civic amenities. The broken-down toilets had made the place dirty and unhygienic.

Our customers who had come for a meeting at the branch, had to pass through the bus terminal and it was they who suggested that cleaning up the terminal and setting up urinals in working condition would help maintaining cleanliness of the place.



As part of the Social Development Program, Ujjivan organised renovation and within just 10 days, a brand new, clean and working urinals was set up. Over hundred Ujjivan customers and local people attended the inauguration function, attended by Senior Government officials, including the head of Khurja Bus Depot.

Passenger waiting area in Contai (West Bengal)

Digha beach is a popular weekend getaway and tourist spot in West Bengal. The small town of Pichhabani lies on the highway and is the main entry point to the beach.

Given its location, there are always a large number of tourists and local residents in the area waiting to board buses to Kolkata and other major towns.

However, there was no designated bus shelter for the passengers, who sometimes had to wait for as long as an hour for a bus.

Neither the Government nor any private organisation had ever provided any facilities for residents' welfare. Ujjivan's customers in the locality suggested building a pucca bus stop, which they felt would benefit the entire local community.





Together with the help and cooperation of the Local Market Committee, we constructed a bus shelter and waiting area, including provision for seating of commuters. Our customers, local residents, and traders, all turned up in huge numbers on the day of the inauguration. Today, the shelter provides relief to tired commuters, women and the elderly.

Water well and pulleys in Tonk (Rajasthan)

Scarcity of drinking water sources coupled with the irregular supply of water only once every two days made life tough for residents of a locality in Tonk. They were dependent on a community well, which did not have any protective boundary wall or any pulleys to help pull up the water.



Discussing the problem with branch staff, customers suggested that Ujjivan help rectify the grim situation through the Social Development Program. Based on the request, customers and branch staff decided to repair the water well, construct a protective high boundary wall and install a pulley system.



Our customers and over 1200 local residents expressed their thanks to Ujjivan at a function held during inauguration of the facility. Today they do not have to face difficulties to access one of modern society's most important resources.

Safety grille for power transformers in Bulandshahr

Bulandshahr in the vicinity of National Capital Region (NCR) has had rapid development and improvement in the standard of its city life. But, as with rapid urbanisation, there are also several large gaps in civic infrastructure and facilities. One of the main dangers around the city is the presence of several high voltage transformers kept open/un-insulated even in crowded areas.

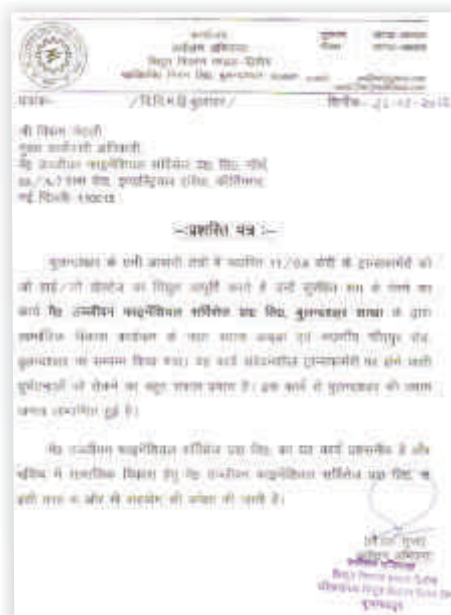




The State Electrical Department records showed 24 electrical-related accidents and over 32 deaths in last two years but no action taken was taken by the civic authorities. At a locality where our clients live, a high voltage electric transformer exploded, badly burning a young girl waiting for her school bus. Our customers brought this to the notice of our branch staff and proposed addressing this problem as part of our social development program.

The project seemed infeasible since it required all sorts of permissions from multiple government departments, large financial outlay etc. However, the branch team still went ahead after considering the customers' determination.

Letters were sent to several departments in the Electricity Distribution Division seeking permissions to install fabricated steel grilles around these transformers. After repeated follow ups, it took almost 3 weeks to receive the final approvals and soon the protective safety grilles were installed. Senior officials of the Electricity Department inaugurated the newly fenced transformers in the presence of local community residents.



Letter of appreciation from State Electricity Board



Child Welfare

The Model Anganwadi Project (MAP)

A public-private initiative

Our Social Development Program launched in 2010, has benefitted more than 120,000 children around the country, where clients and branch staff jointly conduct development projects funded by Ujjivan. The child-welfare oriented projects predominantly focus on the development of anganwadis as desired by our customers.

India has the world's largest population of malnourished or under-nourished children. An estimated 47% of children aged below 3 years are under-nourished as per international standards. The prevalence of underweight children in India is among the highest in the world, with dire consequences for mobility, mortality, productivity and economic growth.

Anganwadis are India's primary tool against the curses of child malnourishment, infant mortality and preventable diseases such as polio. They provide outreach services to poor families in need of immunization, healthy food, clean water, clean toilets and a learning environment for infants, toddlers and pre-schoolers.

Having undertaken development projects for anganwadis, we came across the same story everywhere – poor conditions and high dropout rates due to lack of most basic facilities. We realized that without the participation and involvement of local authorities, administration and local community residents, these problems could not be resolved on a long-term basis.

Thus, we decided to start the **Model Anganwadi Project (MAP)** as part of our Social Development Program. It is an initiative based on a public-private partnership framework, with Ujjivan taking the lead in discussions and coordination with local administrative authorities, Government departments and the residents. This is followed up by funding part of the anganwadi development project and post-implementation monitoring.

MAP involves identification and selection of anganwadis based on criteria such as backwardness of town/village, dropout rate, presence of qualified teachers, and proprietorship (has to be Government-owned). We initiate deliberations with all stakeholders to help identify issues which need to be addressed and in getting their buy-in for the development project.







The Gram Panchayat (village administration)/ Municipal Corporation organises all outward renovation work including painting while Ujjivan typically undertakes the following activities:

- ◆ Electrification and refurbishment of electrical installations
- ◆ Installation of drinking water and toilet facilities
- ◆ Set up of classroom facilities such as chairs, tables, blackboards in addition to toys and teaching aids
- ◆ Provision of weighing machine for weekly weight checks of children (by anganwadi workers)
- ◆ Conducting of health camps by Parinaam Foundation for children and their mothers

Last year, as part of the first phase of this initiative, we created 7 model anganwadis at Channapatna, Jamkhandi (2), Krishnagiri, Mysore, and at Chandra Layout and Yelahanka in Bangalore.

The feedback has been extremely encouraging and children's attendance has increased. The community residents, some of whom are our customers as well, are happy with the support from Ujjivan for their neighbourhood anganwadi. One parent said, "I feel my child is now going to a private school!"

The model anganwadi inauguration function is attended by senior officials from Government departments, local administration, media, customers, and by staff of Ujjivan and Parinaam. We look forward to using MAP to strengthen the Government of India's Anganwadi program.



Accident and Disaster Relief – I

Flood fury in Bihar

Floods not only rendered thousands homeless in Bihar but also damaged crops and snapped road communication at several places. Official figures said that 12 out of the state's 38 districts were affected - Bhagalpur being the worst. Despite assurances by the government, it was obvious on the ground, that there was much need for relief.

Over 1200 Ujjivan clients were affected and needed food and other essentials more than monetary help. Branch staff in Bhagalpur quickly got together, identifying impacted customers and prioritizing relief efforts based on extent of impact.

- ◆ Over 15000 kg of food items and disinfectants/antiseptic distributed among 620 families
- ◆ With guidance from WHO, orientation sessions on water-borne disease preventive measures organized for the affected customers
- ◆ Over 400 loans rescheduled
- ◆ Additional 296 clients identified for second phase relief
- ◆ Nearly Rs.500000 spent on relief efforts

The entire Bhagalpur branch team worked tirelessly for three consecutive days working through nights to provide help to the customers. It is one of the biggest relief operations we undertook in the Eastern region.





Accident and Disaster Relief – II

Cyclone havoc in Tamil Nadu

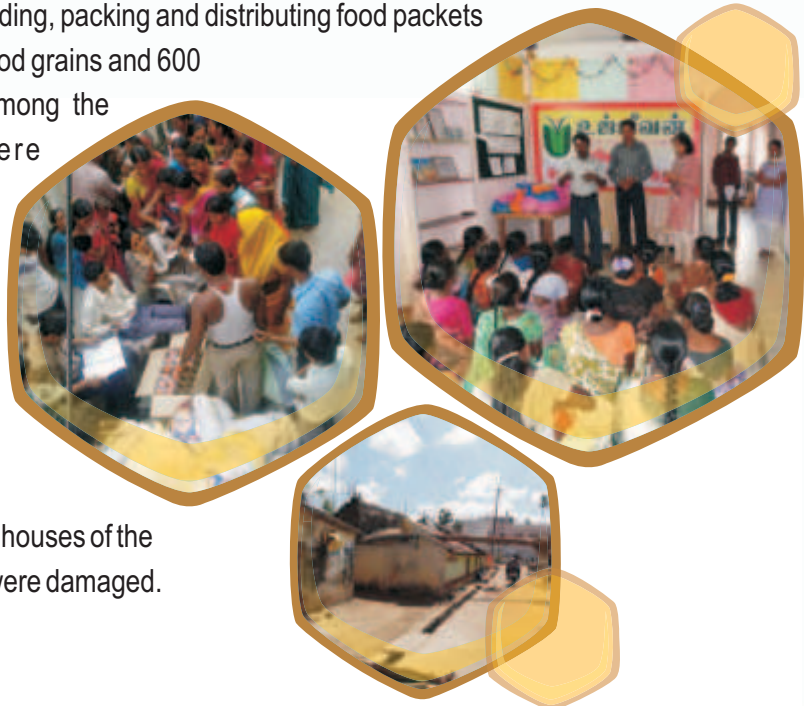
In December 2011, Cyclone Thane hit the coast of Tamil Nadu uprooting hundreds of trees and knocking off electric poles, snapping power supply in several areas. It caused the death of a large number of people while impacting thousands of others who lost losing their homes and precious belongings.

The cyclone also disrupted rail and air operations. Cuddalore was the most affected, with damaged roads rendering it difficult for rescue teams including those from National Disaster Response Force and fire and rescue services to reach the cyclone hit fishing hamlets.

Ujjivan's customers at Cuddalore and Panruti were brutally affected by the devastating storm. Nine of our staff members in these locations also had their houses severely damaged. Senior management staff rushed to the affected areas to take stock of the situation and assess the extent of damage on our customers and staff. There was no electricity and very little water supply. Our customers living in asbestos sheet and thatched houses lost their roofs.

Dedicated branch staff and senior management helped out with the relief activities, working round the clock in unloading, packing and distributing food packets to customers. Over 10 tons of food grains and 600 litres of oil were distributed among the 3100 customers who were impacted by the cyclone. We also provided a 1-month repayment holiday for customers, allowing them to rebuild their lives and start earning before having to make repayments.

Ujjivan also helped renovate the houses of the 9 staff members whose homes were damaged.





Community Welfare by Staff

In line with the organization's mission to help build a better life, staff of Ujjivan (and Parinaam Foundation), voluntarily take social welfare initiatives.

Winter clothes for homeless

Winter in the Northern part of India is characterized by long icy-cold spells of brutal winds from the Himalayas. The brunt of the harshness of winters is borne by the people living in the slums and the streets. The season is largely bleak for the homeless who are neglected by the authorities and eyed with suspicion by the public.

This year, employees of Ujjivan's North region and Parinaam Foundation launched the 'Ek Jodi Kapda' campaign. Staff got together to collect clothes over a couple of months from their own households and neighbourhoods. These were donated to the needy at a few branch locations across the region, to ease (if not completely eliminate) the grim situation.

Nearly 600 clothes and blankets were distributed in places such as Ajmer, Bharatpur, Jaipur, Haridwar, and in Delhi. This initiative was also covered by media in leading regional dailies.





Blood, organ and body donation

To ring in the New Year, staff in the East Region organized a Blood Donation camp.

There were first timers as well as 'experienced' donors who all willingly came forward to do their bit for a social cause. Management and field staff from Kolkata and from Jharkhand and Bihar participated in the camp. 100 bottles of blood were collected, which included several rare blood groups as well. The blood donated was for the aid of children with Thalassemia, a genetic blood disorder.

Recently four donors (staff) handed over their personal blood donation certificates to a colleague, a Customer Relation Staff, whose mother was being treated in hospital and was in urgent need of blood. The hospital was able to provide the same immediately thanks to these certificates.

There are millions of needy patients all over the world who suffer from various end stage organ failures and whose lives can be saved only by the timely replacement of the failed organ. There are only few acts in life that are nobler than donating our organs after our death.

To commemorate Karnataka Rajyotsava (Karnataka Formation Day), a Blood, Organ & Body donation camp was organized at Ujjivan's corporate office in Bangalore.

In India, organ and body donation still remains a distant reality. It is a formidable obstacle in the minds of potential donors and their relatives and friends, so it was touching to see a large number of staff members and their colleagues come forward and pledge their eyes for the visually challenged while many also pledged their bodies to the scientific community for research.

As one of the staff said, "Providing financial services to the economically underprivileged makes a difference in their lives, and donating our eyes and organs is a wonderful legacy we leave behind".

It is heart-warming that Ujjivan staff not only work professionally with a social mission but have also inculcated this value system in their personal lives.







Letter from Executive Director

The Social Impact of Parinaam Foundation In 2011-2012

Parinaam Foundation was incorporated as a not-for-profit organization under Section 25 of the Companies Act 1956, on March 31st, 2008. Parinaam received its tax exempt status under Section 12A on January 20th, 2009 and its approval under Section 80G of the Income Tax Act 1961 in July 2009. The 80G (5)(vi) of the Income Tax Act 1961 approval, which allows Indian citizens a tax break on donations, has been validated “in perpetuity” under CBDT Circular No. 5/2010 . The general approval under the Foreign Contribution Regulation Act 2010 (FCRA) has also been approved by the Home Ministry of the Government of India and is valid for 5 years until January 16th, 2017. We are now in a position to accept foreign currency donations and grants in addition to those from Indian citizens and companies.

As each year passes and we feel more confident of our ability to innovate interventions that cater to the needs of urban and semi-urban slum families, it has brought recognition for Parinaam as facilitators of the programs we deliver. We make no attempt to publicize our work nor do we make a great deal of fuss about our achievements. Our energies are channelled to the work we do. And yet, Parinaam is getting to be known for the high standards it maintains and the integrity with which we manage our programs. The smile on the faces of our beneficiaries and the happiness that lights up their lives when we launch a new initiative is sufficient reward!

In 2011-12, bearing in mind our mandate for education, livelihood development, vocational training and healthcare, we concentrated on 7 major programs that will also be the focus of our efforts for 2012-2013:

1. The Educational Grant Initiative: Education is the biggest aspiration of the poor. Ujjivan helps their customers by providing preferential interest rate loans for children's education. Aware that the loans cannot match the high cost of education in decent private schools, Parinaam decided to give a helping hand by providing a grant that would cover the interest on the loan to the mothers (under stringent criteria) thus making them into “soft loans”. This has to be the one program that is most loved by the women who are so grateful that someone is giving them money and not taking it away from them. We have often found ourselves teary eyed as they eagerly tell us what they will do with the windfall. Sadly, under the mistaken notion that we do this program to support Ujjivan's education loan, rather than the fact that we support the poor to manage their greatest aspiration (quality education for their kids), we



struggle to find kindly donors to provide the funding for the Educational Grant Program. This year we will need about Rs. 60 lakhs. Where will we find it?

2. The Scholarship Fund: While Ujjivan provides education loans it does not go beyond the II PUC (12th Grade). It was clear to us that we had to fill in the gap for very poor children who wanted to go for higher education. This was the basis on which we set up the Fund. Again strict criteria and due diligence ensured that the awardees would be truly deserving. Last year we gave away 16 scholarships and four more that came in late and will be recorded in this financial year's accounts. As we provide 60% of a student's total tuition costs up to a maximum of Rs.15000/- each, it is a huge support for a child to attain her/his dream. This year we would like to achieve at least 30 awards, but it will depend on the donations that come in.

3. The Urban Ultra Poor Program: Thanks to the generosity of the Michael & Susan Dell Foundation Grant, we have expanded the program to 4 slums and will be looking to further expansion. Since its inception there were 224 primary women beneficiaries and 871 family members (including 605 children). 80 women have graduated to microfinance services and 76 have opened "no frills" bank accounts with the help of Parinaam. Given how difficult this is, we are proud that we managed to break the barrier to a poor woman having her own bank account and thereby a safe place to save!

4. The Academic Adoption Program: The AAP is a spin-off from the Urban Ultra Poor Program. We realised that unless we managed, somehow, to provide desperately poor children access to education, nothing we did for the parents could possibly lift them out of poverty during their lifetime. Last year Parinaam made the attempt to enrol the kids in quality schools with the help of sponsorships that would provide children with assured education through to the 12th grade. Of the 17 children enrolled, we were able to get commitments for 12 kids. This year we have another 50 children in school! We need a lot of support here!

5. The Jalmitra Program: Safe water is a basic human right which is often lacking in the lives of slum dwellers. Livelihoods are a key component of the Parinaam mandate. It seemed a perfect fit to join the two together with the support of a grant from Hindustan Unilever Ltd. The Jalmitra Program was conceptualised and launched by Parinaam last year in February (pilot) and the roll out across India to all Ujjivan branches began in July 2011. Ujjivan customers are trained to deliver safe water education to their community and to earn commissions on sale of the device "Pureit". This livelihood program has changed their lives – the biggest benefit being self confidence and a huge jump in income that enables them to pay for aspirations that would normally be out of reach. One Jalmitra has already paid for 2 years of engineering college for her son from her earnings.

6. Healthcare and the Medical Intervention Fund: Too often health shocks decimate the lives and income of the poor. This becomes the biggest spend that they have to face with little or no



recourse to support from deliverable health schemes. Parinaam has run free screening camps and has strongly supported the cause of medical interventions. It has not been easy due to a paucity of funds, but somehow – with the dedication of our Healthcare Team and the generosity of our network hospitals - we have managed to provide critical medical care that has breathed new life into our patients. In this new financial year, we aim to make this program one of our key interventions.

7. Diksha Financial Literacy Program: After two long years of struggling to deliver financial literacy, in April 2011, Ujjivan gave us the mandate to develop our own program! What a joy it was to see the “Diksha” come to life. In a few short months it has been well received in the Sector and we have been told that it is probably one of the best financial literacy programs available. With the support of grants, we hope to launch the program in July 2012 for Ujjivan's 297 branches and initially, for 97,000 customers.

Read about our programs in the Report attached to this letter. The effort and dedication of the Parinaam staff is focused on making real change on the ground. From the Parinaam perspective, making a difference in one person's life is worth more than unsustainable mass scale interventions. For us, the equation has always been fairly simple – we are not providing charity, nor are we social activists. The poor woman living in the slum is no different than those of us more fortunate. She has the same problems – recalcitrant children who need discipline and a good education; an authoritarian husband who demands his every need to be catered to on priority; what to cook for each meal; how to manage her budget; how to multi task! The only difference is, we can generally pay to manage our needs. She can't. We are grateful to our beneficiary families for giving us an opportunity to level the playing field for them, to “feel good (factor)” about our efforts. In facilitating the satisfaction and happiness of our families with our interventions, we merely increase our own joy in what we do.

Sustainability and funding are key issues faced by most non-profit organizations. Parinaam works with the intention of providing the maximum and best quality benefits at a minimal cost. To successfully continue running our programs, we need support from donors, sponsors, our volunteers and our friends. We appreciate donations of all types – money, time or some product / service that will benefit our families. We thank those generous sponsors who made last year's programs possible. We are confident that this year will bring us the sponsorships and donations that will enable us to innovate and expand new programs across India.

Elaine Marie Ghosh
Executive Director
Parinaam Foundation
June 2nd, 2012



Health Care

Medical Intervention Program

Parinaam provides access to quality health care through its network of hospitals and provides help and expertise in applying for funds through government schemes from charitable organizations and NGOs. Soon, we hope to create a special medical fund to help families in need of critical medical service.

Case Study – I

Altaf Kazi, the 35 year old son of Ujjivan customer Joharabi Nissar of Pune, lost his hand in a tragic road accident while driving on the Goa – Sawantwadi highway. His right hand below the elbow was severed and his right eye fully damaged. Altaf is married with his daughters both studying. He was the only bread winner of the family and the accident impacted his life drastically, with him unable to carry on his work.

Parinaam, on learning of the incident, approached the Commando Hospital in Pune with Altaf's medical records. The doctors advised that Altaf would need an artificial hand costing around Rs.30000 – a sum which was beyond the means of the Kazi family.

Samuel, Parinaam Coordinator, contacted the Rotary Club and Lions Club, which are actively involved in the fixing of artificial limbs. Lions Club agreed to bear the cost of purchasing the artificial hand. The cost of the treatment was brought down further after Samuel and representatives from Lions Club met the doctors at Commando Hospital.



After a successful surgery, Altaf received his artificial hand and is now able to resume his routine work normally. He will soon procure a tempo with the help of an NGO to start his career again.



Case Study - II

Anita, the 11 year old daughter of Manjula, an Ujjivan customer in Chintamani, was a bubbly young girl. Her father worked in the construction business. They lived in a small two room house on the outskirts of Chintamani. When Anita was 6 years old, the doctor who conducted general health check-ups in the school, suggested that Anita go for a comprehensive heart check up. Since Anita did not show any outward symptoms of a heart problem and due to the meagre family income, her parents did not take her for further medical investigation.

Subsequently, Anita began to complain of extreme fatigue whenever she participated in any games with her friends and at school. Following the complaints, her parents took her to a clinic in Chikkaballapur, which, in turn referred them to Jayadeva Hospital in Bangalore. The hospital advised an immediate open heart surgery costing Rs.130000.

Ujjivan's field staff, on learning of the customer's predicament, informed Parinaam about the case history.

Sagar Hospital authorities had earlier helped a poor patient on a similar surgery, at a very low cost. They once again agreed to perform this open heart surgery for Anita at a low cost. Manjula's husband, however, was adamant and insisted on his daughter being treated at Jayadeva Hospital.

After much research and follow ups, Parinaam helped in completing the required paper work to avail of a free government facility under its Suvarna Arogya Chaitanya program to conduct the surgery in Jayadeva Hospital.

Within just 3 days all the documents were submitted to the Jayadeva Hospital and they admitted the girl immediately. During the surgery, three bottles of blood was required, which was promptly donated by Ujjivan and Hindustan Unilever staff.

Today, Anita is much better and going to school regularly, while Manjula and her husband are happy for the timely intervention by Parinaam and Ujjivan.

Customers in the area are full of praise for the efforts of the staff.





Health Camps

Prevention and primary care are critical to avoiding health-related financial shocks among the poor. Parinaam conducts multiple interventions ranging from health education and vaccination camps to support for secondary and tertiary care. Medical financial aid is provided through donations and subsidies.

a.	Health camps conducted	43
b.	Attendance at Health camps	13017
c.	Eye check-ups	7381
d.	Subsidized prescription glasses	839
e.	Subsidized cataract surgeries	125
f.	Eye surgeries and treatments at our Network Hospitals	146
g.	Dental screenings	3833
h.	Dental treatments	878
i.	ENT Check-ups	2653
j.	Health camp referrals who underwent ENT surgeries & treatment	40
k.	Orthopaedic Check-ups	203
l.	Annual diabetic screening at Health Camps	83





Case Study

Murali, aged 16, is the son of Mrs. Varalakshmi and hails from Ujjivan's Chikkaballapur Branch area in Karnataka. He has one sister and his father works as a Security Guard earning Rs.3000 per month. The family lives in a very small mud house.

Murali always felt he had difficulty in hearing but it was not noticed or taken seriously by anyone. He and his family attended Parinaam's ENT Camp at Chikkaballapur where the ENT Specialist, after screening Murali, found that he had a hole in his ear and advised him to undergo surgery. Family members were hesitant and took some time before they took Murali to a private hospital where doctors estimated the surgery to cost Rs.25000.

Since financially the family could not manage the surgery they did not pursue any further course of action. Murali's hearing problem worsened and Varalakshmi approached Ujjivan branch staff for help, who informed Parinaam about the case. Parinaam referred Murali to Rajarajeswari Medical College & Hospital, one of its network hospitals. The hospital authorities agreed to perform the surgery at a very minimal cost with the family only having to bear the cost of the medicine.

Post-surgery and treatment, Murali is able to hear normally and go about his studies and play with his friends.





Awareness Programs

Health & Nutrition Education Program

a. Programs organized	61
b. Beneficiaries attending the program	3203

Topics covered as part of health & nutrition education: health & hygiene; nutrition; maternal & child care; common illness and vaccination. Food and Nutrition programs were organized in collaboration with Central Government Food & Nutrition Board. These programs are held at Ujjivan branches.

Alcoholic Awareness Program (in collaboration with Alcoholic Anonymous)

a. Programs organized	63
b. Beneficiaries attending the program	3644





Awareness Programs

HIV/AIDS Awareness Program

a. Programs organized	30
b. Beneficiaries attending the program	1341

We networked with KNP+, Disha, OSACS (a State AIDS Control Society) and VCTC (Voluntary Counselling and Testing Centre) to create awareness on HIV and AIDS. A resource person explains in detail the causes, prevention and treatment of this deadly disease. Most of the women that speak at the program are of the same background as Ujjivan's customers, so when they share their personal experiences, these customers not only relate to their hardships but also appreciate the message.

Oral Health Awareness Program

a. Programs organized	06
b. Beneficiaries attending the program	288

Awareness programs on oral health and hygiene are conducted through our networks with the Dental College Hospitals. The doctors and dentists use flipcharts and audio-visuals to explain in detail about common oral health problems and its prevention & care.





Jalmitra Livelihood Development and Safe Water Awareness Program

More than a billion people across the globe don't have access to safe water. Every day 3900 children die as a result of insufficient or unclean water supplies. The World Bank estimates that 21% of communicable diseases in India are water related. In 2010, diarrhoea killed more than 210,000 children aged less than five years in India – that's more than 25% of the total deaths globally. 80% of doctor visits are because of children and adults have fallen sick due to bad drinking water. It is not the middle-upper class that is affected but it is predominantly the very people who may also be served by microfinance institutions in India.

Many low-income communities in India lack access to safe drinking water and most importantly, lack awareness. Unfortunately, the last thing on their minds after working 12-14 hour days is to spend time boiling their water to make it safe to drink. We observed this not only in our beneficiaries' lives but also with our field staff.

To provide a way out of these grim conditions, we decided to facilitate an easy-to-use water purifier for the urban poor, one which did not need electricity or running water – access to both of which are limited for the slumdweller. Parinaam and Ujjivan partnered with Hindustan Unilever Ltd. (HUL) to provide customers and Ujjivan staff with interest-free loans to purchase HUL's 'Pureit' water purification device.

Parinaam developed and launched the “Jalmitra Program” (Jal meaning water; Mitra meaning friend – Friend of Water) with the support of a grant from HUL.

The program is 2-fold:

1. Creating and increasing awareness – through audio-visuals aids at centre meetings and during house visits – of the importance of safe drinking water and the dangers of disregarding the same
2. Disseminating information among Ujjivan customers on the interest-free loan for Pure-it' water purifier

As part of the program, we select women from Ujjivan's customer base, train them to spread awareness on clean water and disseminate information on safe water solutions within their communities.



For poor urban women this program offers an opportunity of a well-paying livelihood as well as to be actively involved in community development through health education on safe drinking water. HUL is rolling out the “Jalmitra” program to other MFIs and their customers.

Region	Jalmitras	Branches	Pureit sold	Customers covered under Safe Water Awareness
East	37	22	7291	56198
West	31	20	2559	69274
North	4	3	232	11475
South	74	55	33976	173032
Total	146	100	44058	309979

Case Study

Savitha, a 40-year-old Ujjivan customer did not want to take a loan for her son's engineering college fees. Her husband supplied food products to FMCG outlets and kept his family afloat. However, higher education costs a tremendous amount of money and when it was time to pay the fees, the family had to scramble. So, Savitha convinced her family that she would take up work and not borrow for the fees. Her family and friends were skeptical because of her age and lack of business experience. She had dropped out of school before completing her 7th grade.

Savitha joined as a Jalmitra and ranked the “Best Jalmitra” amongst 140 women all over India and was the only one to earn a bonus after 6 months. She took up the responsibility of her children's education, paying her son's college fees for two years and even managed to save a further Rs.12000. She used this to help buy her husband a bike so that he didn't have to struggle and cycle all over on his job.

Her success has given her abundant confidence and her dream now is to eventually start her own business. She is thankful to Parinaam and Ujjivan for having given her the opportunity to do something on her own and excel in the work.





Vocational Training Programs

We try to support our beneficiaries by counseling, mentoring and providing access to training and jobs which give them an opportunity to earn a stable income. After conducting extensive research and due diligence, we network and partner with organizations, which not only provide training but also treat these underprivileged fairly.

Vocational Training (VT)

Candidates identified by Ujjivan's branch teams	2413
Candidates enrolled into VT Centre	1112
VT completed	333
Still training in VT Centre	340
Placed in jobs	161

Some of the vocational training centres where our candidates were placed include, Streisand Foundation, Dr. Reddy's Foundation, GMR Foundation, Spark, Maruti Driving School, Hope Foundation, Unnati, BIVA, NIIT and others.

Case Study

Padmashree, the daughter of Yashodha, an Ujjivan customer, used to be anxious when leaving her tiny cement-sheeted house and was shy to speak with strangers in the community. Her father had deserted the family, leaving her mother with the burden of being the only breadwinner of the family. Parinaam arranged for her to be placed in Streisand Foundation Community College for vocation training.

Before joining the college, Padmashree could only speak Telugu and would keep herself busy with household work. She said her best experience at the college was participating in the Life Skills and Sales classes. After completing the program, she was hired by Big Bazaar, where she sells kitchen products, earning Rs.5200 per month. The training has given her new found confidence and she says that her salary helps keep her family comfortable with the additional source of income.





Job Placement

Candidates identified by Ujjivan branch teams	1129
Candidates placed in jobs	377
Candidates continuing with the same company	204

Some of the companies where our candidates were placed include: LifesStyle, KFC, Pizza Hut, Shell Petrol Pump, Rabbit Stationeries, MORE Retail, Dominos Pizza

Job Fair

Job Fairs organized	02
Companies that participated	41
Candidates who attended	2860
Selected/ shortlisted for jobs	1472

The first Job Fair in Bangalore organized by Parinaam Foundation in collaboration with Ujjivan was a huge success. There was an overwhelming response with over 1653 attendees out of which 726 were provided jobs/shortlisted by 20 companies.

Some of the companies that participated in the Job Fairs: KFC, Lifestyle, Vision Hire, Westside, MORE retail, Shell Petrol Bunk, Shoppers Stop, Coffee Day, Devyani Internationals Limited (Pizza Hut, Costa Coffee), Au Bon Pain Restaurant, Sodexo, ING Life Insurance, Aegis BPO, Top Securities, Zensar, Vodafone, Bajaj Ltd, Dominos Pizza, Tech Mahindra, Hindustan Unilever, Reliance Fresh, and Ujjivan

The second Job fair in Pune organised with the Pune Employment Office was also well attended by 1207 aspirants and 21 companies.





Education

Academic Adoption Program 2011-12

While running the tuition centers for our Urban Ultra Poor Program, we found that there were extremely bright children who were determined to do something good with their lives but had no means of a decent education to enable them to move ahead. Despite their families' desperate conditions these children were neat and clean, well dressed, meticulous in attending tuitions and diligent in doing their studies.

We realized that Parinaam had to ensure that these bright children with drive and motivation could be put into good schools. Our close relationship with the parents, their total faith in Parinaam, our learning from past experience, and our loyal patronage, gave us the confidence to start this Academic Adoption Program. It is a program wherein generous patrons adopt a child to sponsor his/her studies until completion of school life.

In our first year we identified two well-managed and reputed schools and enrolled 17 children – 11 of whom have sponsors. Each sponsor chooses a child from personalized profiles and at the end of the academic year, receives the child's photograph and a progress report card on the child's progress.

Here's a snapshot of the academic achievements of our first batch of 17 children who were enrolled in 2011-12.

S.No.	Student	School	Class	Result	SponsorshipStatus
1	Nethaji	Resurrection	1Std	B	Adoption Required
2	Savitha	Resurrection	1Std	B+	Adoption Required
3	Vijay	Resurrection	LKG	A	Adoption Required
4	Shivakumar	Resurrection	UKG	A	Adoption Required
5	Yeshodha	Resurrection	LKG	B	Adoption Required
6	Yesu	Resurrection	UKG	B+	Adoption Required
7	Immanuel	Resurrection	1Std	A	Adopted
8	Gowrimunna	Resurrection	1Std	B+	Adopted
9	Shalini	Resurrection	LKG	B+	Adopted
10	Indra	Resurrection	1Std	A	Adopted
11	Maheshwari	Resurrection	LKG	A+	Adopted
12	Parimala	Resurrection	Nursery	A	Adopted



S.No.	Student	School	Class	Result	Sponsorship Status
13	Meenakshi	Indus	1Std	93.20%	Adopted
14	Mary	Indus	1Std	99.00%	Adopted
15	Anusha A	Indus	1Std	90.20%	Adopted
16	Anusha V	Indus	1Std	91.20%	Adopted
17	Ajay	Indus	1Std	64.00%	Adopted

This year we have enrolled over 40 children and are actively looking for sponsors under the Academic Adoption Program.

Case Study

Meenakshi, aged 7, is cute, bright, and a fast learner. She is an avid reader who is interested not only in her school books but anything she can get her hands on. Meenakshi was one of the first children we enrolled into our Academic Adoption Program and her academic performance has exceeded expectations in all areas. She scored 93.2% in her final exams and is one of the top students in a highly competitive academic school. Apart from academics, she is involved in many extra-curricular activities such as dancing, drawing, acting etc.

Meenakshi's mother Pushpa cleans dishes in a canteen at an IT firm. She supports her own three children in addition to two nieces – children of her deceased sister who committed suicide. Pushpa's drive comes from wanting her five children to get a better life through education.

Shalini, Pushpa's niece, has also been enrolled in Parinaam's Academic Adoption Program this year and is waiting for someone to believe in her and support her education so that she too can fulfill her dreams of supporting after her family.





Higher Education Scholarship Program

Parinaam Foundation runs an Educational Grant Initiative wherein the entire interest amount on Ujjivan's Education Loan is given back to the Ujjivan customers.

However, we noticed that after completing the 12th grade, students were forced, once again, to take high interest loans from the moneylender or burden their family financially to pursue higher education. Even worse, in many cases these students dropped out. Parinaam Foundation thus launched a Higher Education Scholarship Program, wherein with the help of donations received, scholarships are provided for deserving students to pursue higher education whether it is undergraduate studies, graduate degrees or vocational training.

We disbursed 20 scholarships across India for the academic year 2011-12. The total amount was nearly Rs.220000. In 2012-13, we plan to give Higher Education Scholarships to 30 deserving students, helping them earn their degrees.

Case Study: Jaidev Shrikant Chatter, Pune Katraj, Maharashtra

Alpana Shrikant Chatter, a widow lost her husband to jaundice 8 years ago. She, the only earning member of the family, works at home as a tailor and in a bank as a part time employee. Alpana took care of her family as well as her aged mother-in-law and 2 sons who are both studying. Jaidev, her second son, is a meritorious student and pursuing B.Sc Computer Science because he was unable to afford his dream of studying Computer Engineering.

The family was able to pay for the first year of studies by borrowing money from people but Jaidev realised that he needed another solution to supplement the poor financial situation of his family. So he started providing tuitions at minimal cost, to poor students staying near his house. His students all passed their examinations. At an age when his friends are outdoors and enjoying life, he is busy working to ensure that his family does not get into huge debt to sustain his education.

He secured second rank in his college in Advance Computer Technology. Parinaam awarded him with a Higher Education Scholarship of Rs.13800.





Case Study: Dipankar Maity – Shibpur, West Bengal

Maya Maity, a client of Ujjivan, sells bangles and cloth bags in Howrah near Kolkata. Her husband is a daily labourer earning nominal amounts. They and their son Dipankar Maity, live in a tiny 8 x 8 feet room, scattered with pieces of old garments, which Maya uses to make the cloth bags. Despite the tough conditions at home, Dipankar was diligent in continuing his studies and a topper at school, consistently earning grades above 90%. His mother wished that he become an engineer, earning respect, money and stability in life, something which she and her husband never had.

Maya works hard, stitching bags into the early hours of morning, never sleeping before 3 am. Dipankar, not wanting to let his mother and the family down, studied hard to get into an Engineering college. Today, he is doing his B.E in Electronics and Communication in Jadavpur University.



When Maya received the cheque for the scholarship for her son, she was speechless and became emotional. Dipankar expects good exam results next year and is hopeful to subsequently get a good job to help his family be well off within a few years.





Educational Grant Initiative

Despite significant recent improvements, India is still home to over 400 million poor people, almost 1/3 of the world's total poor population. Many are caught in vicious cycles of generational poverty from which they are unable to escape. For the children of these men and women, education is the only option for a sustainable rise up the life cycle.

India has made efforts to improve education at the source, such as building new schools, implementing new curriculums and the latest Right to Education Act (RTE). However for the poor, school can be a taxing experience as it drains much needed time away from possible income generation and additional costs, such as uniforms and books, make a huge dent in limited wages. Today, of the children in the primary and secondary school age level, 19% are no longer in school. These children suffer from a loss of life-changing opportunity.



Parinaam Foundation believes that for poor families, quality schooling is the only long term solution to bring millions of Indian citizens out of abject poverty. At the same time charity is not the answer and will only weaken their resolve to see their children through to a logical end to their education. Through a grant, based on the interest of their Ujjivan education loans, Parinaam strives to support poor mothers borrowing for a desperate cause. Thus at the end of the school year, Parinaam gives them the interest component grant, contingent upon the student's performance and enrollment in the next year's term. In

the two years we have run this program, we have helped over 4000 students.

In 2012-2013 we are seeking to expand the program, a unique initiative that not only makes education more accessible to the poor, but also aims to help and guide poor women to believe in the value of education on their own terms. A grant that refunds the interest for one student ranges from INR 400-700, but for the recipient family, it provides a boost of well being and happiness, as well as an IMMEDIATE TANGIBLE VALUE TO EDUCATION.

In 2011-12 we provided grants of nearly Rs.950000 to over 1600 children for their education. Over 7500 Education Loans have been taken by customers of Ujjivan for their children's schooling in 2012-13. We hope to refund the entire interest on their loans to help them continue to keep their children in school.



Parinaam's Financial Literacy Program

There were several reasons for the 2010 microfinance crisis in India, the two main ones being over-borrowing by customers and exuberant lending by MFIs. Long-term solutions would only be effective if implemented jointly – by customers and the MFIs.

The MFIs were single-mindedly interested in improving their clients' debt management. The customers, on the other hand, were aware that loans were easily available and had little interest in debt management. They were more concerned about savings – how to save and where to save.

1. How could microfinance practitioners prevent a recurrence of the problems of debt mismanagement on the part of their clients and themselves?
2. How could poor women continue to access funds to meet their needs and yet not fall into a trap that overextended their ability to repay their debts?

Understanding this, a two-phased Financial Literacy Program was developed by Ujjivan and Parinaam. The first phase was to create awareness of the prevalent problems related to financial mismanagement in customers' communities. Sankalp, a film highlighting the dangers of over borrowing and sub lending was developed and screened for all Ujjivan's clients followed by interactive sessions.



For the second phase, Parinaam Foundation created “Diksha”, a five-module, in-depth classroom training on prudent debt management and saving options. We did not want to preach to the customer on what was “right” and “wrong”, as that depended on her unique situation, capabilities and inclination. However, we had an obligation to give her the knowledge and teach her to understand the pros and cons of making correct financial decisions.



As part of the program, we teach her simple numerical skills; how to maintain a financial record of her income & expenditure; understand the importance of savings; most crucially, understand how to borrow within her capacity to repay and to be in control of her financial condition. We also integrated a savings initiative, where the microfinance institution helps the women open savings accounts and maintain discipline in continuing saving for their future.

We ran pilots to help fine tune the modules, and now we plan to scale up and roll out the program for Ujjivan's million customers across 299 branches around India.

To keep the roll out strategically manageable, it will be done in 3 phases.

Phase I will be over a period of 8 months, with 22 trainers covering 33,000 customers in 110 branches. At the end of Phase 3, Ujjivan's 299 branches will have 61 experienced trainers who will continue training customers in their respective branches until the entire client base is covered.



Case Study

How Diksha changed a Customer's Life

During our pilot in Chinthamani, a small semi urban town in Karnataka, one of our customers Shathaj, after going through the savings module training, went back home and pulled out a bank pass book her deceased husband had kept aside. Before the program she had no idea what it meant and what to do with it. However, when she learned that Ujjivan was going to help her open a savings account, she decided to check with her loan officer if the pass book had any value and whether she could continue with the same account.

The branch staff checked the pass book with the bank and found out that over the years Shathaj's husband had been secretly keeping aside money without informing her. The money accumulated over the years amounted to a grand total of Rs.50000 (almost a year's income for our customers). It took a trip to the bank and a talk with the bank manager to actually convince the customer that this was true. She is extremely happy with this unexpected windfall and is confident that with the Diksha training that she received, she will be able to manage her finances well.





Urban Ultra Poor Program

The essence of the program is to nurture destitute women and their families with multiple holistic interventions to fast track them into earning a sustainable income. The program aims to make them self supportive and enable them to pull out of the clutches of usurious debt and access microfinance if required.

This year we had 55 beneficiaries 'graduate' and 25 of them accessed microfinance from Ujjivan. They took loans to pay off moneylenders (who were charging them a huge interest), for improving their homes, and to ensure quality education for their children. The first batch of 25 beneficiaries who graduated in January 2011 completed repaying their first loans and 14 of them have taken second loans. We have now completed the program for our 96 beneficiaries in the first phase and are providing them with only need-based support.

Currently we are working in 4 slums with 128 new families and have found that each slum has its own characteristics leaving us with never ending challenges on motivating and counselling the women to take up better livelihood opportunities.

A snapshot of some of our achievements in 2011-2012:

Livelihood

Housemaid and House Keeping:50

Labourer (construction):20

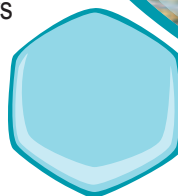
Piece rate workers:21

Tailoring and Garment Factory:12

Start up businesses (petty shop/sari selling/candle making etc):5

Case Study Lakshmi's Petty shop

Lakshmi's Petty shop 35 year old Lakshmi is a beneficiary at our new slum, Edgha Mohalla. Her husband Govindraju works as a labourer. She has four children, the eldest is married and the other three go to school. For five years Lakshmi ran a small petty shop but had to shut it down when she spent all her savings to ensure her daughter had a wedding she could be proud of.





For the last two years she was unemployed as she didn't have the funds to restart the petty shop.

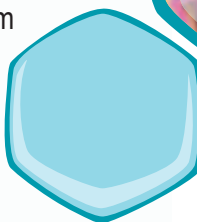
As soon as she joined our Urban Ultra Poor Program, we initiated the process to research and re-open the petty shop. Lakshmi took a keen interest to assess the costs of required material and provided us with a clear business plan. Parinaam verified the information and the investments were made partly through the UUP Program and by Lakshmi herself. She also underwent training on maintaining a financial diary on her business and tracking profits. For the last six months she has not only successfully run the business but also added value to her shop by reinvesting the profits and increasing the range of products she sells. She earns about Rs.4500 every month.

About three months ago her husband met with a severe motorcycle accident leaving him jobless for almost two months. It was Lakshmi's petty shop earnings that kept her family afloat.

Childcare and Education

Childcare and education has become our biggest asset with our beneficiaries in the Urban Ultra Poor Program. We are able to use it as leverage when it comes to enforcing our women to be disciplined about working and attending our meetings, proving that, for a mother, nothing is more important than the success of her child.

Despite not having tuition centres for our 'graduated' beneficiaries' children, we have found them sitting together in a small corner of the slum and finishing their homework every evening between 4 – 6 pm. Last year we had to push our parents to enrol their kids into our Academic Adoption Program and managed to send only 17 children to quality schools. This year we had a grand total of 40 children sign up and that was after being extremely selective about the parents who we thought would be stable enough to ensure their children were disciplined to attend school and excelled in class.





Highlights

- Out of 380 school-going children in the program, 342 attend government or private schools
- 130 children attend our tuition centres in the evenings
- 17 children are enrolled into our Academic Adoption Program. We have added 50 more children for the academic year 2012-13
- 83 savings boxes were distributed amongst our children to inculcate the habit of saving a little of their pocket money for their own aspirations. The highest amount saved by a child has been Rs.1400!
- Birth certificates were arranged for 33 children, a basic requirement for admission into a good school.
- 90 children participated in our Summer Camp in April/May 2011

Health Care

91 beneficiaries from our Urban Ultra Poor Program have been referred to Parinaam's network hospitals to avail of quality healthcare, either free of cost or at a discounted rate. We find that they have not only worked up the courage to approach good hospitals but are also demanding quality health care as a given right.

Case Study: Bhupathi's Medical Intervention

In November 2011, Bhupathi, one our 'graduated' beneficiary's husband, while waiting for a bus, was hit by a speeding motorcycle and broke his leg. He was returning after meeting his children in a school hostel in Tamil Nadu.

Onlookers called for an ambulance and managed to get him admitted to a top government hospital in Bangalore. Since the men's orthopaedic ward was full, Bhupathi was given a mattress in a corridor next to a heap of garbage. The medical investigation diagnosed that he had broken both the bones on the right leg and recommended immediate surgery.





However, due to holidays, the surgery was delayed for 15 days. Bhupathi's wife informed Parinaam staff about the accident and the denial of quick and quality healthcare. An official complaint was filed with the State Human Rights Commission but Parinaam was unable to get an immediate surgery for him.

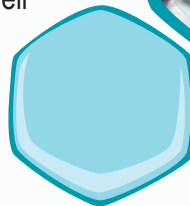
Parinaam enquired with other network hospitals about the desperately needed surgery. Rajarajeshwari Medical College and Hospital agreed to provide its services, waiving all fees such as bed charges, investigation charges and consultation charges, asking the patient to only pay for the implant and medicines.

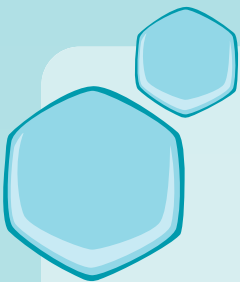
While Bhupathi's family and relatives collected the funds to buy medicines, Parinaam managed to procure a superior quality, branded interlocking nail required for the leg surgery, at 40% discount directly from the dealer. The surgery was completed successfully and the doctors later informed us that had he waited any longer he would have lost his leg. He is now back at home and has started work to provide for his family.

Financial Literacy and Social Support

91 primary beneficiaries underwent our financial literacy program and are continuing to maintain their financial diaries. As of March 2012 the total savings of our beneficiaries with Parinaam amounted to Rs.187,725. Of which Rs.112,422 was transferred by 76 women into their new “Zero Balance” savings accounts in a bank close to their slums. They are not only saving regularly but are also eager to move to the next stage. They want to save enough by the end of the financial year so that they can upgrade and get a regular account and access their money through an ATM card!

As we move forward with our UUPP families, their successes in managing their own and their families' lives, are the giant leap for Parinaam in providing the benefits of a multi-dimensional program for the desperately poor.





Looking forward: 2012-13

7500 children.

Don't let them drop out of school.

Help with an **Education Grant** of just Rs.700 per child.

50 underprivileged children need to start going to school

You can help under the **Academic Adoption Program**

Rs.8000 per child per academic year and

One time grant of Rs.11000 per child

They have dreams in their eyes.

30 girls and boys want to graduate with higher degrees.

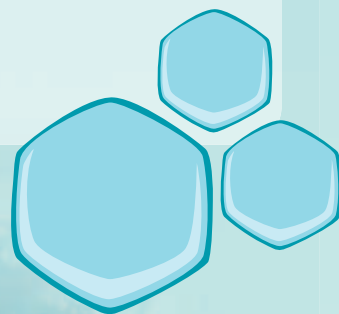
You can help with a **Higher Education Scholarship** of just Rs.15000 per student

Every little donation counts.

For more information, contact: Ms.Mallika Ghosh

info@parinaam.org | +91 80 4071 2121

Parinaam Foundation was incorporated as a not-for-profit organization under Section 25 of the Companies Act 1956, on 31st March 2008. Parinaam received its tax exempt status under Section 12A on January 20th, 2009 and its approval under Section 80G of the Income Tax Act 1961 in July 2009. The 80G (5)(vi) of the Income Tax Act 1961 approval, which allows Indian citizens a tax break on donations, has been validated "in perpetuity" under CBDT Circular No. 5/2010. The general approval under the Foreign Contribution Regulation Act 2010 (FCRA) has also been approved by the Home Ministry of the Government of India and is valid for 5 years until January 16th, 2017. We are now in a position to accept foreign currency donations and grants in addition to those from Indian citizens and companies.





Registered Office:
 Ujjivan Financial Services Pvt. Ltd.
 #93, Jakkasandra Extension, Sarjapur Main Cross Road, 1st Block, Koramangala, Bangalore - 560 034
 + 91 80 4071 2121 | www.ujjivan.com