

We strive to be the best
at all that we do.
For what we do, creates

hope



Annual Report
2013 - 2014

GREAT PLACE TO WORK® Best Companies to Work for 2014 India

Top 10 companies to work for in India

9th Best Company to work in

2nd in Financial Services Industry

25%

growth to close at
1.3 million customers

50%

cashless disbursement
amounting to
Rs. 10,000 million.

99.9%

Cumulative
Repayment Rate



There's a lot we have achieved this year.
Ujjivan was declared
the 9th Best Company to work in, in India
and ranked 2nd, in the Financial Services category,
by Great Place to Work Institute.
To add to these, we were also among the first MFIs
to meet the Smart Campaign Standards
of Customer Protection.

We were awarded by India Inc. magazine
as an Innovator in the Responsible Business category.
Further, we were awarded Client Protection Certification
by Smart Campaign and won the MIX 2013
Socially Transparent and Responsible MFI Award.



In the business of creating hope

Every year at Ujjivan, we make an effort to improve on the benchmarks we set the previous year. For the simple reason that we sincerely believe that with financial inclusion, what we bring our customers, is hope. Hope of a better future, hope of a better life, hope for a new generation free from poverty.

This year, we were able to reach out to more customers, registering 25% growth and closing at 1.3 million happier Indians.

And we shall endeavour harder in the year to come. To create hope, to build better lives for many, many more.







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Letter from the Managing Director

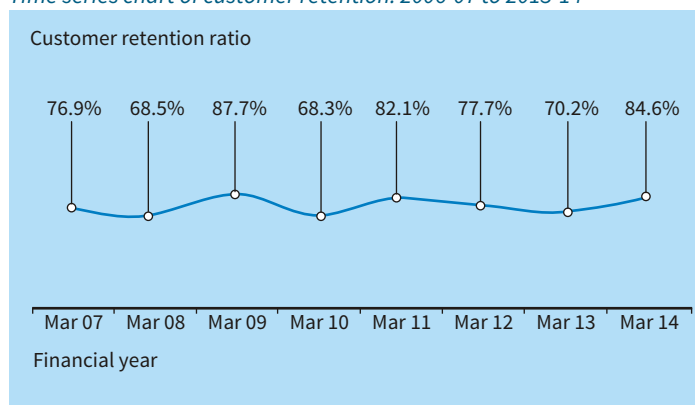
Bringing hope, changing lives,

This marks the 8th full year of operations for Ujjivan. We started out in November 2005, when we received the NBFC license from the Reserve Bank of India. Our mission was to provide microfinance to the urban and semi-urban poor across India. They constitute a major section of our society with the fastest growth rate due to urban migration. Today the Ujjivan team of over 4,600 employees serves over 1.3 million families across 22 states and union territories in India, through 350 branches and four regional offices. We disbursed over Rs. 21,050 million of loans last year, which is the 4th highest in the industry. Our loan book grew by 44% during the year to Rs. 16,173 million and we have been ranked the 4th largest NBFC-MFI, excluding MFIs based in Andhra Pradesh, which are under Corporate Debt Restructuring program.

Why we consider ourselves the best of the best.

■ Our **active customers increased 29%** from 1.1 to over 1.3 million during the year. This compares favorably with the industry growth of 20%. We introduced a comprehensive service quality department in 2009, which is unique to the industry. The standard customer satisfaction surveys do not work with this segment of customers. They are too beholden to us and especially to our field staff. At the same time, we along with the industry, were plagued by high customer dropout rates. Customers voted with their feet. We researched the reasons for drop outs and worked out programs to improve customer retention. From the nadir of 68.5% during the crisis years 2009-10, this year, we achieved ~85% customer retention.

Time series chart of customer retention: 2006-07 to 2013-14



■ Our **employee strength grew by 28%**, well above the industry average growth at 10%. We added a thousand new employees during the year. One of the unique features of our leadership development is the Management Development Program which has been in place since 2008. Today our National Leadership Team includes two members from the first batch of

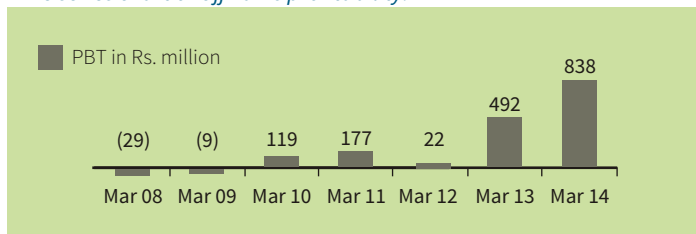
management trainees. From 2009, we participated in the Great Place to Work Institute survey, competing with top companies in India across industries like Google, Intel, NTPC, American Express etc. We are proud to be among the top ten best companies to work for in India. The table below shows our standing:

	10-11	11-12	12-13	13-14
Ujjivan Employee Trust Index (%)	87	86	90	90
Top 50 Companies Trust Index (%)	81	82	82	82
Ujjivan's Rank among all companies	14	21	7	9

growing together

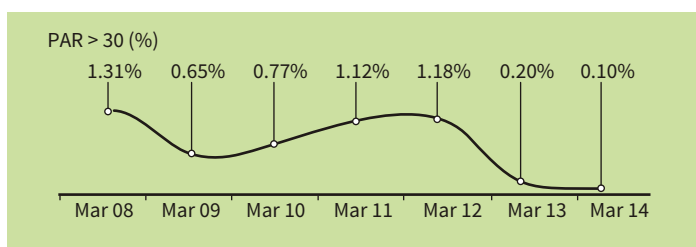
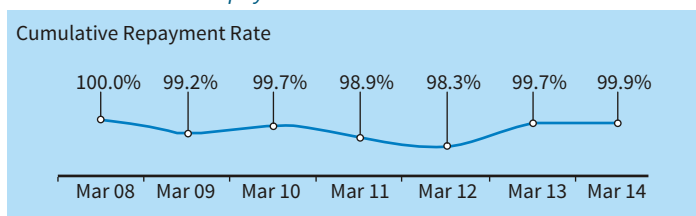
■ Our **profits before taxes grew by 71%** over the previous year at Rs. 838.4 million with a return on equity of 15.86%, among the highest in the industry. Our business gross loan book grew by 44% to Rs. 16,173 million with return of assets at 3.20%. Our consistent business performance and dividend payout from 2009-10 (dividend was not paid in 2011-2012 on account of modest profits during the crisis), which is also unique in the industry has kept our existing investors happy and attracts a lot of new investors.

Time series chart of Ujjivan's profitability.



■ Our **repayment rate was 99.90%** at the year end with Portfolio at Risk over 30 days at 0.1%. This reflects the outstanding credit management processes at Ujjivan. We are one of the very few in the industry to have an independent credit function to manage the overall credit process and quality.

Time series charts of repayment rate and PAR > 30.



- Active customers increased by 29%
- Employee strength grew by 28%
- Profits before taxes grew by 71%
- Repayment rate was 99.90%
- Diversified customer base and loan portfolio
- Introduced cashless customer transactions in 2012

■ We have the most **diversified customer base and loan portfolio** across the geographical expanse of India balanced by regions and states, avoiding concentration of risk. Since inception Ujjivan has a comprehensive business and risk assessment system to open individual branches or start operations in a state. This led to our decision not to operate in Andhra Pradesh well before the crisis despite the state being considered the center of microfinance in India. Our wide geographical base gives us a very large launching pad for the next phase of business and helps us play an important role in financial inclusion across the country.

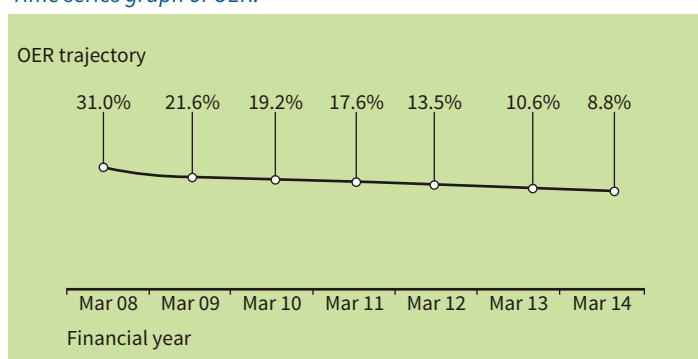
Particulars (As of March 31, 2014)	South	North	East	West	Ujjivan
Number of branches	106	81	108	55	350
Gross outstanding portfolio (Rs. million)	5,254	3,793	4,507	2,619	16,173
Total customers	429,638	313,645	428,624	214,149	1,386,056



Our **initial focus was the urban and semi-urban poor** and we opened branches in both these areas. Today, we serve both customers living in towns and also rural customers living in villages. This gives us access to customers in all three areas: urban, semi-urban, rural.

The biggest threat to Ujjivan when the crisis hit the industry in 2010 was not portfolio quality but our highly expensive and inefficient operating base. The Malegam Committee recommended interest rate of 26% and margin caps 12-10%. Our operating expense ratio (OER) was 17.6% with cost of funds of around 13%. We embarked on an extensive re-engineering program covering all aspects of our business and introduced new technology: bringing branches online and processing paperless transaction. Today our OER is at 8.8%, which is at par with the best in the industry.

Time series graph of OER.



Dependence on cash for disbursing and collecting loans is one of the biggest problems in the microfinance industry. This makes the operations both inefficient and highly risky. Our staff is frequently attacked by criminals and we are also susceptible to fraud. In addition dependence on cash tarnishes the objective of financial inclusion as MFIs withdraw cash from banks and inject it into the cash economy by disbursing loans in cash. We embarked on a program to introduce cashless customer transactions from 2012. This year we disbursed 50% amounting to more than Rs. 10,000 million directly to customers' accounts. This was possible by helping customers open bank accounts; activating dormant accounts and training them to operate bank accounts, including using ATMs through Parinaam Foundation's efforts with the **Diksha Financial Literacy Program**. The Diksha program was started on August 20, 2012. It is widely acknowledged as one of the best programs of its kind. The Reserve Bank of India (RBI) is highly appreciative of this program. We have trained and certified 98,737 customers under Diksha and opened 45,157 bank accounts.

Parinaam spent Rs. 24 million on this program funded by Citi Foundation and Michael & Susan Dell Foundation. In addition Ujjivan has contributed Rs. 7.4 million, bringing the total spend to Rs. 31 million. This achievement is unparalleled in the industry.

Funding from banks and financial institutions was fairly consistent for the MFI industry. Ujjivan continued to enjoy the benefits of excellent liquidity at optimal costs. The Company added 8 new banking relationships and continues to work on strategic structured deals which will bring domestic capital market funding into the MFI industry. The company raised Rs. 13,600 million during the year, an increase of 90% over the previous year's borrowing. The company also received additional funding through Non convertible debentures apart from redeeming Rs. 1000+ million NCD during the year. This demonstrates the continued confidence of debt stakeholders in Ujjivan. CRISIL awarded Ujjivan an MFI grading of mfr1, the highest rating for MFIs, during 2013-14.

Ujjivan also enjoys a rating of A- for its long term loans and NCDs as rated by CARE in June 2014. This reflects a well diversified portfolio with good asset quality and consistent increase in earnings and profitability driven by good business growth and outreach.

We started the **Social Development Program** from the first year after we broke even and generated a profit (2010-11). This was a program to 'give back' to the communities by undertaking small but high impact projects. The projects are chosen by the customer leaders and branch staff of every project. Our initial focus was on programs which benefit children and education. But we gave freedom to local team of customers and staff. Consequently, a wide range of programs were undertaken across the country which earned Ujjivan appreciation from community members and local government officials. We have undertaken 803 programs across the country at cost of Rs. 22.6 million. This is one of our many remarkable achievements that earn us a lot of goodwill from across society.



The Future

Overall, it has been a banner year for Ujjivan and it is time to change gears. This closes an important phase in Ujjivan's history. The group lending business is reaching a saturation stage with the industry serving 25 million customers outside Andhra Pradesh. This comprises around 10% of the families who are financially excluded. In order for microfinance institutions to expand into the 90% which still remain unserved, we need to break into new customer segments and develop loans for different loan purposes: micro-enterprise, agriculture, animal husbandry, housing, education etc. These new customer segments do not find group loans attractive given the loan size, standard installment structure, group guarantee, time commitments for center meetings etc. We need to break into new products and customer base to widen our net of financial inclusion.

The regulatory environment has seen a positive sea change. Fresh licensing of NBFC-MFIs by the RBI as a specialized category is a recognition of the key role we play in financial inclusion. This has been reinforced with RBI awarding the coveted banking license to the largest NBFC-MFI in India - Bandhan. Dynamic supervision by RBI and the self-regulatory disciplines put in place by the Micro Finance Institutions Network (MFIN) has ensured that responsible finance is firmly established.

The discipline of extending every loan based on satisfactory credit history of over 25 million customers has resulted in reducing the risk of over-lending and substantially improved the portfolio quality of the entire industry.

The future regulatory changes being initiated with specialized banks and banking licenses available on tap, has completely changed the future regulatory landscape for the industry. The long term aspiration of every NBFC-MFI is to convert itself into a bank. The industry will not require the protection of the Microfinance Bill in the future.



Conclusion

It has been a great journey so far and Ujjivan's list of achievements last year is the crowning glory. It was a year of a great personal loss. Elaine, my wife and partner, passed away suddenly on November 28, 2013 after a brief period of illness. Without Elaine's support, I would not have had the courage or energy to build Ujjivan. A lot of the values of Ujjivan originate from her. She built her pristine Parinaam Foundation to march in step with Ujjivan. In a fitting conclusion to her professional life, Parinaam's Urban Ultra Poor Program received international recognition and was awarded the prestigious Urban Ingenuity Award - sponsored by Financial Times and Citi Foundation for the most innovative urban program in Asia in New York on December 10, 2013. Elaine was fully committed to Ujjivan's mission to provide financial inclusion to the poor and help alleviate poverty. She would not like us to miss a step in our long march to help achieve this goal.

Samit Ghosh

May 30, 2014



Products and Services

Insurance

Initially we introduced life insurance for our customers and subsequently also offered it for their spouses. 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. And in 2013-14, we have insured over 2.6 million customers and spouses.

Appended below is the snapshot of claims for FY13-14

(Amount in Rs. million)

Region	Customer				Spouse				Total Claims	Claim Amt.	Ujjivan O/S	Nominee Share
	Nos	Claim Amt.	Ujjivan O/S	Nominee Share	Nos	Claim Amt.	Ujjivan O/S	Nominee Share				
001-South	731	19.29	7.49	11.80	2,822	74.66	24.33	50.33	3,553	93.95	31.82	62.13
002-North	702	20.13	8.70	11.43	2,168	62.19	26.38	35.81	2,870	82.32	35.08	47.24
003-East	552	16.29	5.45	10.85	1,898	55.51	14.87	40.64	2,450	71.80	20.32	51.48
004-West	375	10.58	4.02	6.56	1,242	35.10	11.74	23.36	1,617	45.68	15.76	29.92
Grand Total	2,360	66.29	25.66	40.63	8,130	227.46	77.32	150.14	10,490	293.75	102.98	190.77



Saraswathi Dhanaraj had been an Ujjivan customer in Ramanagara from October 2007. It was during her 4th cycle loan, on December 30, 2011, that her husband Dhanaraj, passed away after a brief illness. It was the insurance claim settlement of Rs. 30,000 that helped her and her son start life anew. Saraswathi started a tiffin center in her house and with her earnings, has managed to send her son Vijayakumar to do a course in IT. They always recall that in their darkest hour, Ujjivan was with them. To help them look ahead when all hope seemed lost.

Jayalakshmi Thammanna, an Ujjivan customer since 2010, was in her 2nd cycle loan when her husband Thammanna passed away on April 12, 2012. Jayalakshmi's tragedy did not end there. Her son Paramesh was diagnosed with an acute bone problem and had to quit employment and get hospitalised for months. Though Paramesh has recovered, the disease is not entirely curable and has had such an impact on his body that he may not be able to involve himself in any kind of active physical work. Due to this, Paramesh's wife deserted him and now Jayalakshmi has to look after her son as well.

The claim settlement cheque of Rs. 24,508 helped the mother and son purchase a cow and start selling milk. They have also acquired 50 Chandrike (Chandrika or cocoonage is a circular basket with a spiral wall to which silkworms attach their cocoons) which they rent out. Both mother and son know that it is the claim settlement that helped them through the toughest time of their life.

Group Loan

Basic Loans

Business Loan

For diverse business needs such as working capital, capital investment, closure of high-cost debt taken for business purposes.

Loan Amount: Rs. 6,000 - Rs. 50,000

Interest Rate: 25% p.a. declining balance for fresh loan and 24% p.a. declining for repeat loan

Tenure: 12 months/ 24 months

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

Family Loan

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.

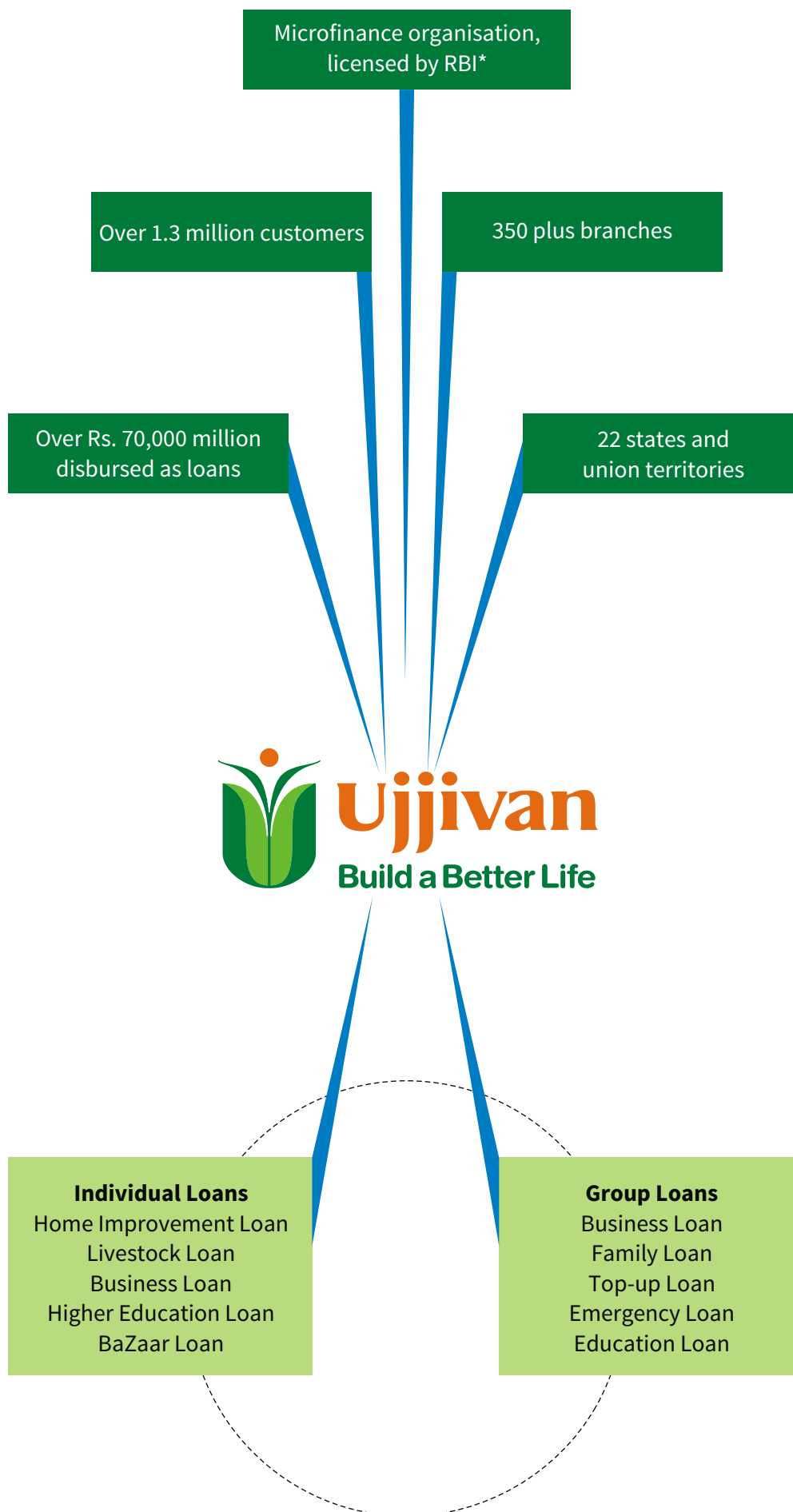
Loan Amount: Rs. 6,000 - Rs. 30,000

Interest Rate: 25% p.a. declining balance for fresh loan and 24% p.a. declining for repeat loan

Tenure: 12 months/24 months

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





**Reserve Bank of India 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 discharge of liability by the company. Neither is there any provision in law to keep, nor does the company keep any part of the deposits with the Reserve Bank and by issuing the Certificate of Registration to the Company, the Reserve Bank neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.*

Value-added loans

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. 3,000 - Rs. 6,000

Interest Rate: 24% p.a. declining balance

Tenure: 9 months/36 weeks

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



Education Loan

Finances the education expenses (admission fees, text books, uniforms etc.) of children between kindergarten and Class 12

Loan Amount: Rs. 5,000 - Rs. 15,000

Interest Rate: 24% p.a. declining balance

Tenure: 12 months/48 weeks

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

Emergency Loan

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

Loan Amount: Rs. 2,000 - Rs. 5,000

Interest Rate: 24% p.a. declining balance

Tenure: 6 months/24 weeks

Processing fee: None

Individual Loan products

Business Loan

The Individual Business Loan (IBL) has been specially designed to cater to the needs of individual micro-entrepreneurs, our existing borrowers, who have a running business and require funds for working capital or fixed assets. The Individual Business Loan is offered to borrowers on an individual basis (i.e. is not guaranteed by the group) for the purpose of business improvement only.

Loan Amount: Rs. 51,000 - Rs. 150,000

Interest Rate: 28% p.a. reducing balance

Tenure: 6 - 24 months

Processing fee: 2.2% of loan amount (exclusive of taxes)

Individual BaZaar Loan

The Individual BaZaar Loan (IBZL) will be offered to customers on an individual basis, for the purpose of business improvement only. This product has been specifically designed to cater to the needs of open market customers i.e. customers who have not graduated from Group Lending to Individual Lending in Ujjivan. Individual micro-entrepreneurs (men or women), who have a running business - viz. a shop selling general household and utility items, such as groceries, toiletries, provision/general store, cloth, garment, stationery, utensils, bed sheet-quilts, medicine etc. - and require funds for working capital or fixed assets, can avail of this loan facility.

Loan Amount: Rs. 21,000 - Rs. 150,000

Interest Rate: 28% p.a. reducing balance

Tenure: 6 - 24 months

Processing fee: 2% of loan amount (exclusive of taxes)

Home Improvement Loan

The Home Improvement Loan has been designed to cater to the housing needs, especially house improvement of our urban and semi-urban borrowers. The Home Improvement Loan is offered to borrowers on an individual basis (i.e. it does not require a guarantee by the group).

Loan Amount: Rs. 51,000 - Rs. 150,000

Interest Rate: 24% p.a. reducing balance

Tenure: 12 - 24 months

Processing fee: 2.2% of loan amount (exclusive of taxes)

Livestock Loan

The Livestock Loan will be offered on an individual basis to customers, who are already engaged in animal husbandry activities, for purchase of cattle (cow and buffalo).

Loan Amount: Rs. 51,000 - Rs. 65,000

Interest Rate: 26% p.a. reducing balance

Tenure: 9 - 24 months

Processing fee: 1% of loan amount (exclusive of taxes)

Higher Education Loan (HEL)

Designed for families that cannot afford higher education of their children due to lack of access to organized credit. The proposed HEL will be offered to borrowers on an individual basis under our Individual Lending Program.

Loan Amount: Rs. 51,000 - Rs. 300,000 (disbursed in tranches)

Interest Rate: 26% p.a. reducing balance

Tenure: 12 - 60 months

Processing fee: 1% of loan amount (exclusive of taxes)



Individual Lending (IL) Program

Background

The Group Lending (GL) business has seen robust growth over the past years and will continue to grow in the coming years. However, GL has its limitations as it revolves largely around a single product structure. There are many prospective customers who are not willing to form groups and stand guarantee for each other. They also have very specific needs. These customers usually want to borrow loan amounts higher than Rs. 50,000 and request flexibility in terms of repayment tenor, mode of repayment and disbursement, etc. Banks are not willing to cater to the needs of this segment of urban, semi-urban and rural poor with a high concentration of micro-entrepreneurs, tenant farmers, piece-rate workers, organized and un-organized workers who support themselves and their families with monthly household incomes between Rs. 15,000 - 30,000. And most importantly, MFIs are not able to cater to them.

At each of our branches, we have successfully disbursed group loans and we may be serving 5,000 - 7,000 families. However, in the same urban work-areas, there may be up to 100,000 families who are financially excluded. With group loans we have achieved a mere 5 - 7% penetration. Our objective in the next five years is to increase our penetration to 50%. We can do so by widening the range of our loan products, which meet the specific needs of different sub segments of the financially excluded population. Hence, the need of the hour is to innovate and design need-specific products and processes to build a viable business on the Individual Lending (IL) platform.

The IL Growth Story

In the beginning of FY13-14, the IL portfolio, with an OSP of less than Rs. 500 million, constituted approximately 4% of our total loan portfolio outstanding. During the year, the portfolio grew by over 100% and contributed approximately 7% to Ujjivan's loan book by the end of the year. This growth is a result of a focused approach taken by Ujjivan to cater to the needs of the segment which is left out both by the traditional group lending facilities of MFIs and the document oriented commercial banks. One of the major steps taken during the year was breaking out of the captive GL customer base and looking outwards to understand the

financial needs of micro-entrepreneurs and small farmers in the catchment areas of our branches.

The Growth Enablers

Apart from meticulous planning and perfect implementation, the success of the IL Program will depend a lot on responsive product management, sales orientations, process development and enhancement of capabilities in all verticals including Credit-Risk, Information Technology, Operations, Vigilance and above all Human Resource Development. The financing needs of the organization will rise significantly and also put a lot of demand on fund sourcing, management, risk mitigation, accounting and reporting functions.

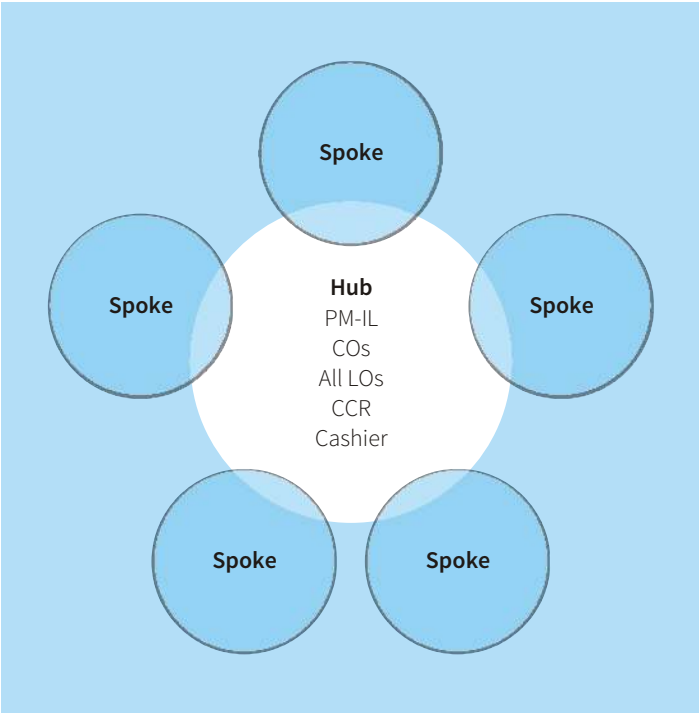
The team from Women's World Bank who worked with us to scale up the IL program referred to our IL product as 'GL Plus'. Consequently, the products were revamped, piloted and re-launched. The IL product basket now consists of Individual Business Loan (IBL) for the micro-entrepreneurial upper layer of our GL customers with a similar offering named as Individual Bazaar Loan (IBZL) for the open market customers. Home Improvement Loan, a Livestock Loan for the GL customers and an Open Market Livestock Loan were also launched, in addition to the newly introduced Higher Education Loan (HEL) which is in its pilot phase. We are currently in the process of designing a Secured Business Loan and will shortly be initiating the structuring of the secured Home Loan product. Unlike their precursors, the current IL products are based on sound appraisal techniques rather than relying on cyclic process-based methodology.

Introduction of an independent credit methodology into the IL process is one of the major highlights of this year. The individual loan proposals undergo a field based credit underwriting and verification before being presented to the sanctioning committees. Further, as a measure of preventive vigilance, the fraud prevention unit is being piloted with joint efforts of the credit and vigilance departments. With the help of a WWB team of experts, model sanctioning committees were organized and replicated in all IL hubs.

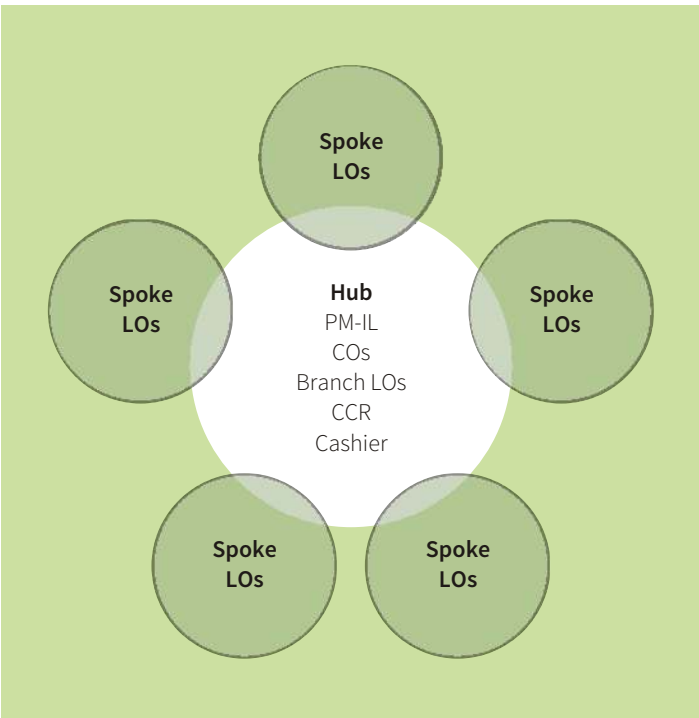
IL hubs are the basic structural units of the new IL organizational structure which came into existence during the year. Each IL hub is a cluster of Ujjivan branches manned by a number of Individual Loan Officers and Credit Officers and led by an IL Program Manager. Each such hub has the entire requisite infrastructure to carry out the IL business on an almost standalone basis.

The IL hubs are an integral part of the IL vertical which has been set up almost like an organization within an organization till the regional level. At the corporate office level, IL has been set as a program unit and the same is responsible for strategic planning, organizing and business development.

Model 1: All LOs placed in the hub



Model 2: LOs placed in Spokes



Manpower

The creation of an 'IL organization within the organization' meant induction of a different set of people into Ujjivan, while keeping the basic DNA of the organization intact. The strategy has been to keep the mix of internal and external manpower at approximately 40:60 during the year. A large number of fresh graduates as well as experienced professionals were recruited from outside. For all fresh recruits as well as internal movements, a comprehensive training program was designed and many batches were run during the year. In the coming years, most of the manpower will come from outside with a strong focus on training and development.

Information Technology

The IT platform plays a vital role in the success of the IL program. While the broad roadmap of the IT architecture is being worked out, we successfully piloted the use of hand-held devices and technology advancements to digitize the capture and flow of customer data on the field. This helped reduce the turnaround time, minimized errors, increased the efficiency of the loan officers, brought in speedy and better decision-making by sanctioning authorities and better control by way of an efficient MIS. A more digitized and automated field process will be the future face of the IL program. In the back office, a number of new initiatives were implemented: SMS blast and Voice blast to the customers, repayments by ECS, file storage and retrieval through Document Management System, and system tracking of loan utilization checks. Use of a call centre to make outgoing sales and service calls to prospective and existing customers has shown results in all the four regions and we are looking to develop this as an alternative channel.

However, this initial growth is just an indicator of what lies ahead. In the next 3 years, we are committed to keep our focus on the IL program and reach out to many more customers - not only to those who are desirous of graduating from the group lending structure but also those in the open market who never connected with microfinance institutions or banks in anticipation of a fitting solution to fulfill their financial needs. In FY15 and FY16, we plan to extend loans to over 50,000 and 100,000 customers respectively. The IL portfolio is expected to grow to over Rs. 17,000 million by the end of FY17.



Livestock Loan

India has the credit of being the largest milk producer as well as consumer in world. Post White Revolution, India has almost doubled its milk production and has reached 116.2 million tonnes. India is likely to produce a record 140 million tonnes in 2014. India also has the world's largest bovine (cow and buffalo) population and makes up for 16% of the total milk production in the world. When India is gearing up to retain her position as world leader in the dairy industry, Ujjivan is planning to make a humble contribution in the form of micro loans to dairy farmers.

Majority of the dairy businesses are concentrated in semi-urban cities and villages of India. And invariably, ladies of the household are wholly or partly responsible in managing the livestock business. These farmers are mostly dependent on money-lenders and other informal financial set-ups for credit. Banks shy away from lending to these customers, who are mostly marginal farmers, owing to low ticket sizes and extensive and conventional due diligence process.

Many of our branches are in semi-urban areas. A part of our GL portfolio in semi-urban branches comprised of loans to customers

to purchase cows and buffaloes. But it followed a different appraisal and loan utilization approach.

The loan product was capped at Rs. 35,000 and a fixed 24-month repayment schedule. But dairy entrepreneurs were expecting much more from Ujjivan in terms of loan amount, flexibility in tenure and additional finance for ancillaries. These differences lead to the conceptualization of a new IL product which focused primarily on livestock purchase.

We are planning to disburse loans upto Rs. 0.1 million for purchase of livestock (cows and buffaloes only), feed/fodder, equipment and machinery and also for farm renovation and expansion. We have conducted extensive training for field staff for the same. We have also hired technical officers with a background in animal husbandry to ensure training of staff and a healthy product portfolio. We kept improvising the product after pilot studies and product restructuring to suit the needs of the customer.



Home Improvement Loan

The National Housing Bank and other institutions released a number of surveys showing huge demand for housing loans within the lower income segment of the population. The finding is no different amongst micro finance customers. A proportion of the group loans disbursement is being used for the purpose of house repair by the customers. Most of the customers live in small and unfurnished houses which need to be repaired or renovated at regular intervals. It was this need and demand from Ujjivan customers that led to the designing of the Home Improvement Loan product.

The loan product is available for customers who have had a good repayment track record when servicing their group loans.

Ujjivan, with its Home Improvement Loan has helped fulfill dreams of more than 5,000 families to have a better place to live. Currently, the outstanding for Home Improvement Loan is more than Rs. 200 million.

With operational and capacity building assistance from International Finance Corporation (IFC) and Women's World Banking (WWB) and with regular guidance from the board, Ujjivan is making changes in the product and the processes, making it more flexible and accommodating for a wider range of customers.

Business Strategy:

The year 2014-15 will see Ujjivan providing a wider range of products to meet different types of housing finance requirements of customers such as finance for self-construction, property purchase and more.

Key Focus Areas:

- Creating an additional line of business for Ujjivan
- Diversifying housing product with a focus on low income housing segment.
- Building separate teams; front end and back end for housing loan product.
- Developing technical and legal expertise to process higher ticket size and secured housing loans.

Micro Pensions

Ujjivan initiated the Micro Pensions product to address the financial insecurity of its customers in their old age. The program was extended in partnership with IIMPS across Pune, Nashik, Assam and Mumbai during FY 2013-14. Over 2,000 customers and their families enrolled in the Micro Pension service under the pilot phase. Each customer contributes a minimum amount of Rs. 200 per month jointly towards UTI-RBPF and NPS-LITE scheme.**

Customers appreciated the product offering and also showed their interest in learning about it in detail. The customers who have availed the product feel that Micro Pensions will make them financially empowered in future and help them manage financial strain after they stop earning. Educating customers is a vital part of the enrollment process. In order to increase awareness among customers on the benefit of old age savings, a module on Micro pension was also added to Diksha, Parinaam's award winning Financial Literacy program. Diksha, focuses on educating customers on debt management and savings through workshops and activities.

The Micro Pension product gives the customers flexibility to choose the time and date of repayment based on their convenience. An individual is worthy of the pension after long-term financial commitment and discipline. The product inculcates the habit of regular savings in our customer, helping them to plan for their future. Ujjivan has moved a step forward towards its vision of financial inclusion, through the addition of Micro Pension services.

*** The UTI-RBPF (UTI Retirement Benefit Pension Fund) is a debt oriented scheme and NPS-LITE (National Pension Scheme) is a government scheme for the economically weaker sections of the society.*



Information Technology

Ujjivan 's growth story continues to ride on a successful IT foundation which is extremely robust and which continues to innovate and build requisite change drivers. The IT at Ujjivan continues to be a leader in the MFI (microfinance institution) sector, facilitating smooth functioning and high-quality service to its stakeholders. Our IT department includes executives from IT Security, experts in Network, Database and MIS, Software specialists and accomplished Project Managers. The IT division is dedicated to servicing Ujjivan's customers in processing and communication while maintaining infrastructure that ensures high quality support and uptime. As a result, Ujjivan succeeds in delivering financial services to its customers efficiently, while also constantly improving the convenience of transactions via new technology.

Key Highlights:

- State-of-the-art Data Center with failover architecture for redundancy and high speed SAN data storage which supports applications across the organization with a remote location back-up center. Top-end IBM Blade Center Servers, IBM P6 and P7 Series Servers with AIX Os and high end Databases including DB2, Oracle and SQL Server
- Linux operating systems at Branches with good operations and cost savings
- Core Banking Solution (CBS) is structured and fully customized around the most important component of our business the customer. It is a platform where communication and information technology are merged to suit core requirements in providing financial services. High security, vast capacity and a robust MIS is the USP of our core banking system. It is also well integrated with Mobile transactions at the field
- DMS adding great momentum to reduction in TAT with multi layer processing with an excellent system of content ,workflow and process management. Further it also facilitated productivity measurement leading to improved turnaround time

- Mobile Transactions at Field, handheld devices pilot at various branches for IL processing are some of the critical initiatives this year
- We are setting up a call center for in-bound and out-bound calling for future business and for customer support
- Data Centre Outsourcing and managed services is also being considered to leverage the synergies of excellent infrastructure management, handling future growth and disaster recovery management

Ujjivan has also believed in investing in the state of art technology and infrastructure and ensured adopting cutting edge technologies to enable handling large volumes with efficiency and cost control. This helps us holistically in quality service to all of our stakeholders our customers, our employees and our investors.



Service Quality - Customer Retention, Care and Protection

Our efforts in creating a comprehensive Service Quality Program have been showing excellent results in both customer connect and retention. We have strengthened customer retention programs and grievance redressal mechanisms, built over the past few years. Traditionally we have used our helpdesks and toll-free customer care lines as a service point, primarily attending inbound calls/requests. This year we have successfully piloted an outbound call center to support business expansion and customer retention.

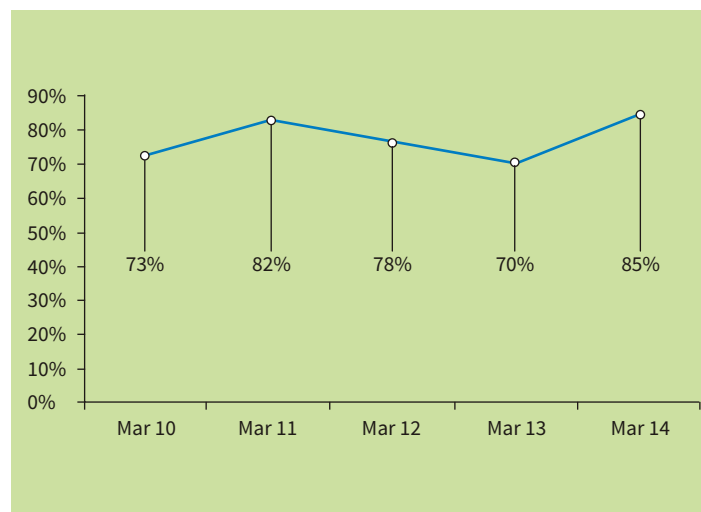
Key highlights and achievements of 2013-14

- Customer retention rates have improved considerably from 70% in previous year to 85%
- More than 85,000 dormant and dropout customers were met by Customer Care Representatives (CCRs) for exit interviews and 40% (34,000) of them were retained
- 16,000+ customers were retained through special customer retention campaigns
- 69,000+ customer enquiries and grievances were attended and resolved through our grievance redressal mechanism
- 96,000+ centers were visited by Ujjivan's supervisory team from all departments for client feedback directly from the field

Customer Retention Programs

During the year 2013-14, Ujjivan recorded highest customer retention rate in the last 5 years as shown in the chart below. Ujjivan emphasizes on long term relationship with customers for meaningful impact. We have observed 20% to 30% customer dropout rates year-on-year during 2010-2013. Half of these followed the AP crisis due to tightening of credit and strict controls on multiple borrowing. Ujjivan was able to achieve a healthy customer retention rate of 85% in 2013-14, a 15% increase from that in 2012-13.

Customer retention ratio

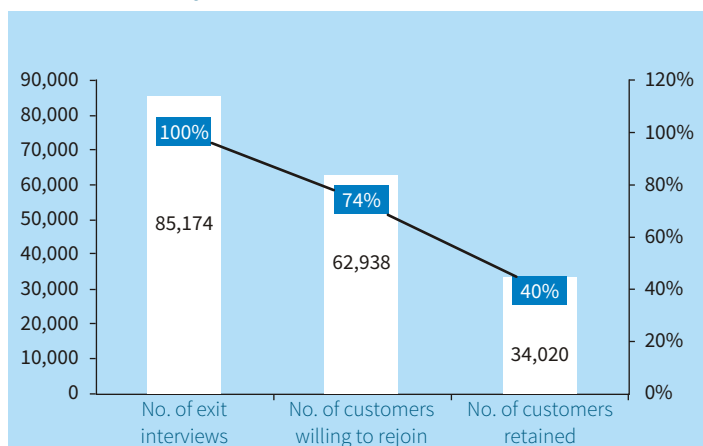


The key drivers of the improved retention rate were innovative field, credit and backend processes supplemented with strong comprehensive service quality programs listed below:

- Strong and independent credit approval systems
- Innovative field and backend processes. i.e. pre-approved loans and reduction in loan turnaround-time through Document Management System (DMS)

- Strong customer feedback and grievance redressal mechanism to proactively resolve service issues
- Greater transparency of our services, effective dissemination of terms and conditions to customers through various channels
- Exit interviews to retain dormant and dropout customers conducted by Customer Care Representatives at all mature branches
- Customer retention campaigns with rewards and recognitions for branches

Number of exit interviews conducted by CCRs during FY 2013-14 and retention percentage



Note: 28,918 customers of total 62,938 who expressed their willingness to rejoin were not retained due to their multiple borrowing, bad credit history, migration and other reasons.

Fair Practices Code & Grievances Redressal Mechanism

Ujjivan has adopted a Board-approved policy on Fair Practices Code and Grievances Redressal Mechanism which provides operating guidelines for effective dissemination and implementation of responsible business practices and grievance redressal system. Ujjivan follows various guidelines issued by Reserve Bank of India (RBI) on Fair Practices Code for NBFC-MFIs and has also adopted Industry Code of Conduct developed by MFN (Microfinance Institutions Network). Ujjivan also endorsed 'Smart Campaign'; a global initiative committed to embedding strong client-protection practices into the microfinance industry, and implemented global standards of Client Protection Principles.

Grievance Redressal Mechanism at Ujjivan

Ujjivan adopted a well-structured client grievance redressal mechanism and provides customers a reliable and easily accessible interface for timely and fair resolution of enquires & complaints. The policy aims to minimize the instances of customer complaints through proper service delivery and review mechanism.

- **Customer Care Representatives (CCR):** We have placed 266 CCRs in matured branches (75% of total branches are more than 1 year old) as the customer's first point of contact for query

resolution. Due to low literacy and vulnerable backgrounds, our customers find it convenient talking to someone face-to-face rather than calling a remote helpdesk, hence we have given importance to placement of CCRs in all matured branches

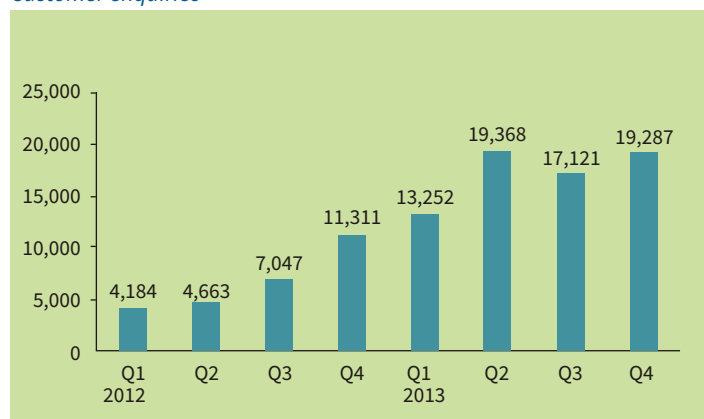
- **Toll-free Customer Helpline** has been set up to serve as a second level escalation point for customer grievances. The Help Desks ensure that all queries are tracked, resolved and if required, escalated on a timely basis. Each region has a dedicated Help Desk and services both internal and external customers.
- **Grievance Redressal Officer:** Each Regional Office has a Grievance Redressal Officer (GRO) for 3rd level escalation; GRO monitors customer grievances at the regional level and is responsible for ensuring timely resolution of all complaints through CCRs and Help Desks. A report on status of customer grievances is periodically reviewed at various levels of Management and the Board for decision making and minimizing complaints.

Staff and Customer Education on Code of Conduct and Grievance Redressal Mechanism

To ensure an effective implementation of Code of Conduct and Grievance Redressal Procedures in its true spirit, we undertook several initiatives to educate our customers and field staff during past couple of years:

- All our field staff were trained on CoC & Grievance Redressal Procedure and on their role in effective implementation of Client Protection Principles (CPPs) through sharing of best practices and role plays.
- Posters on CoC and Grievance Redressal Mechanism have been prominently displayed at all branch premises in vernacular language and on the website
- Helpline numbers have been displayed and other disclosures as per Transparency standards of RBI and Smart Campaign's Client Protection Principles made on our loan card/loan agreements
- A section on grievance redressal has been integrated into the Compulsory Group Training (CGT) for new customers and helpline numbers with escalation matrix have been prominently displayed in the CGT brochures
- Plastic pouches (for keeping loan cards securely) with printed instructions covering complaint escalation matrix and customer instructions (Do's & Don'ts) have been distributed to all customers during disbursements

Our efforts at customer education during past two years have paid off with a steadily increasing number of customers approaching our grievance redressal channels for their queries



Outbound Call-Center

To maintain continuous relationship with our customers and as part of the initiatives taken by Ujjivan for expanding the Individual Loan portfolio, Service Quality department initiated an Outbound Call Center Program.

Key functions of the Outbound Call Center

- Lead generation for Individual Loans (IL) by calling eligible Group Loan customers and explaining the product features most suited to them
- Welcome calls to New IL Customers as part of relationship management and to seek their feedback on our services
- Repayment reminders include calls to ECS Repayment mode customers 3 days prior to repayment

Proposed activities to be undertaken by outbound call-center for next year

- Assist collections management through follow up with overdue customers
- Exit Interviews for dropout and idle customers of IL and GL verticals
- Calling ECS repayment mode rejection customers to find out the reason for rejection
- Periodic feedback/survey calls and on-demand services

Service Quality Awards

We often hear stories of outstanding service provided by our employees well beyond the call of duty. This service mindset forms the core of Ujjivan's mission. To recognize all such employees and celebrate their exceptional act of service, we have instituted Service Champion Award program from June 2010. This is given to an employee who has provided exceptional service to a customer or her family. So far 60 such champions have received this award including 28 for FY 2013-14. The award consists of a merit certificate, a letter from the Managing Director and a cash gift. The winners are further given recognition in our monthly newsletters, employee's annual diary and through individual emails from the National Leadership Team.

Assessments & Recognitions

Ujjivan was recently awarded Client Protection Certification by Smart Campaign at the Microfinance India Summit 2013.

The only other MFIs from India to be awarded the certificate during the event are Bangalore-based Grameen Koota, Chennai-based Equitas, Varanasi-based Cashpor and Mumbai-based Swadhaar.

Smart Campaign's Client Protection Certification is an independent, third party evaluation to publicly recognize financial institutions that meet adequate standards of care in how they treat clients. It enables financial institutions to demonstrate adherence to the microfinance industry's Client Protection Principles and contributes to a more stable microfinance industry by encouraging practices that ensure prudent, transparent and responsible lending.

Code of Conduct Assessment

Ujjivan underwent a 'Code of Conduct Compliance Assessment' (COCA), during January-February 2014. The assessment was conducted by M2i Consulting, an independent agency, using COCA Compliance Assessment Tool. This tool requires scores to be assigned on the seven Code of Conduct dimensions Client Origination, Loan Pricing, Loan Appraisal, Client Data Security, Staff Conduct, Client Relationship and Feedback and Integrating Social Values into Operations, across the four parameters - Approval, Documentation, Dissemination and Observance. The seven dimensions have been drawn from a review of the norms prescribed for MFIs including industry's code of conduct, fair practices' code of RBI and CGAP's client protection principles (Smart Campaign). The COCA tool also specifically assesses the MFI for compliance against RBI's guidelines and scores it as well. The scores on the COCA indicators are then scaled down in proportion to the score received in Regulatory Compliance.

Ujjivan has received a composite COCA score of 91% (126.4 out of 139) on seven CoC dimensions and 100% (12 out of 12) scores on adherence to RBI directions which denotes 'Excellent Adherence'. Composite COCA scores have been improved by 4% from 87% recorded in previous assessment during the year 2011.



Operational Efficiency Initiatives

Highlights

Operations team has been pioneering new developments and initiatives to bring in efficiency and control through the 3 Ts of Technology, Training and Talent. In this financial year, our key focus was entirely on enhancing backend efficiency through implementation of Document Management System as a backend technology framework for loan processing. This initiative has helped us increase user productivity and has reduced Loan process time or TAT (Turn Around Time). The objective is to provide not just customer satisfaction, but also customer delight.

The last financial year saw a significant growth in cashless disbursements. With error rates on the low, customers are themselves taking the initiative to ask for cashless disbursements. The validation of bank account details coupled with robust MIS has helped reduce cash transactions to an extent. To take a step forward as the Warriors of Financial Inclusion, we are piloting cashless repayments. Earlier our mode of repayment was only cash and now we are offering ECS & ACH as options to our customers for making their regular monthly loan repayments. ECS is being piloted for Individual loan customers across regions. The pilot for ECS repayment for Group Lending customers is ongoing in some of our branches. We are also providing SMS alerts to our customers, reminding them of their repayment and also confirmation upon receipt of payments.

We are also taking steps to further enhance scope of branch empowerment to build in greater efficiencies. Presently, pre-printed customer profile forms is being piloted across regions so that customer details will only require validation by our field staff and they need not fill up the entire form on their own. Branches today have access to all reports and are being envisioned as individual business units catering to customer transaction and services.

Cashless disbursement

Ujjivan is happy to announce that we have brought 0.5 million customers under the banking system through cashless disbursements as of March 31, 2014. This initiative was a baby step in the last financial year. It is in 2013-14 that we took a pan-India leap, working towards this goal of financial inclusion.

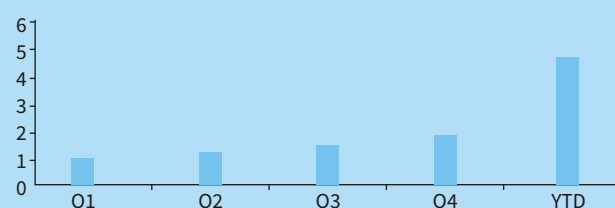
The year started with 6% of our pan-India disbursements through bank accounts and ended at 50% of our total disbursements being cashless.

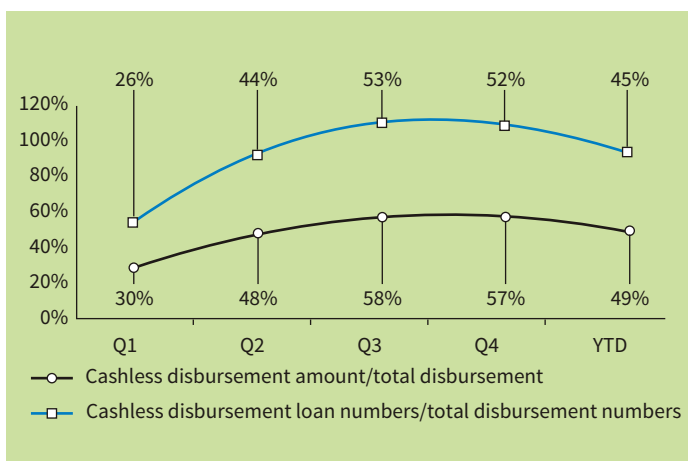
Our customers today are aware of how to do basic banking transactions. They are able to use ATM cards and read SMS alerts from the bank. It gives them a sense of empowerment as they are able to handle these on their own! One of the significant benefits of cashless disbursements is the reduction in cash-in-transit risk. Branch staff are now able to spend their time productively during disbursements which otherwise was spent in counting cash, a tedious and risky task. Field level efficiency has improved. Staff ensures that customers are aware of the process of cashless disbursements during center meetings and house visits.

Going forward, we are aiming to scale up cashless disbursements to at least 80% of our customers. We are also looking at collecting loan repayments through ECS/ACH. Our goal is to move from cash base model to a cashless base model in future.

Highly experienced team, inter-departmental co-ordination along with tremendous support from the Diksha team has helped us scale up on this initiative and enable us in our commitment towards financial inclusion.

■ Cashless disbursement - No. of customers (in millions)





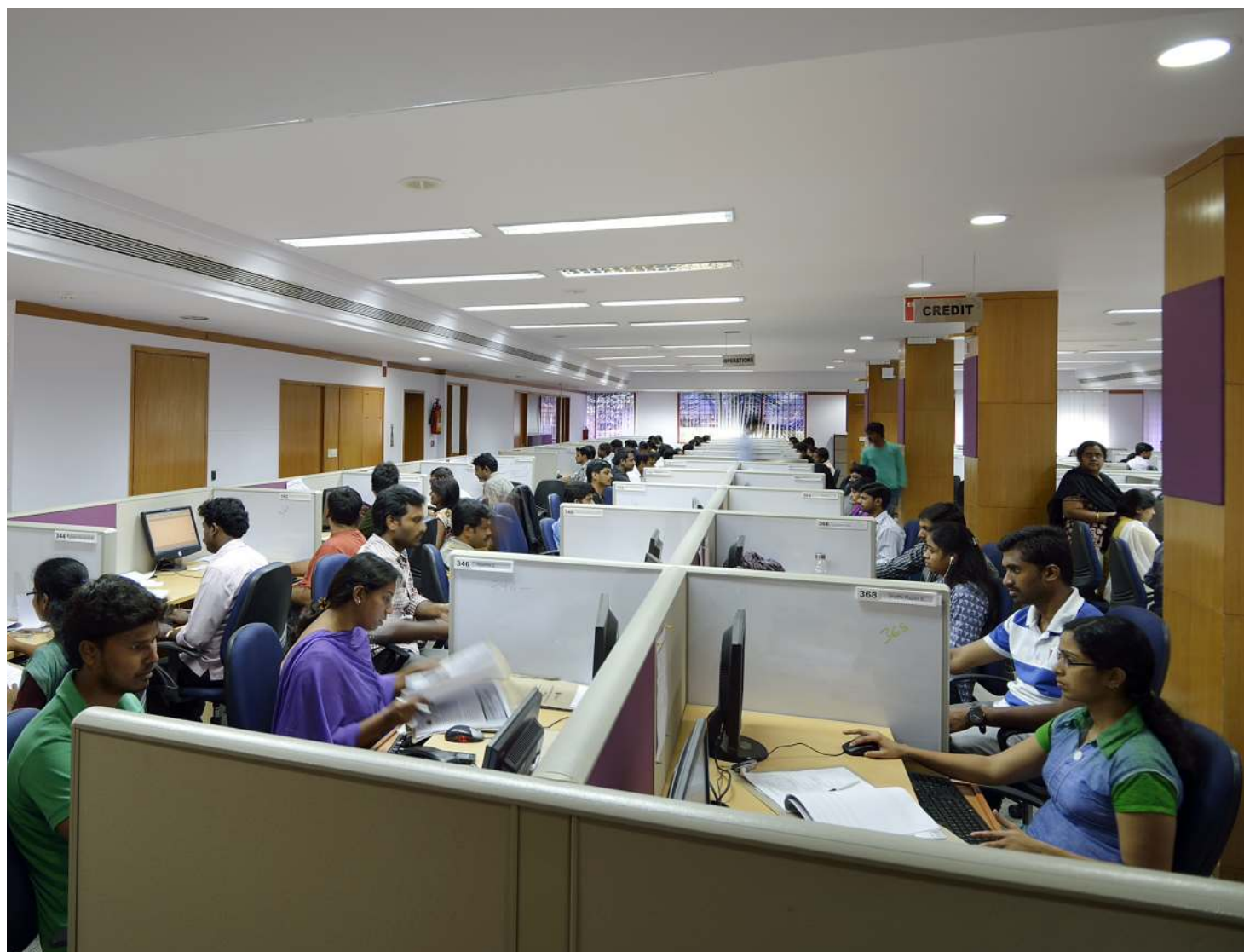
Electronic Clearing System - for customer convenience

We go a full circle this year, piloting ECS for loan repayments across all regions. We have looked beyond cash collections which was our traditional repayment mode. Recently, we decided to move to a cashless mode for collections: Electronic Clearing System (ECS). ECS is an automated bank transfer of the EMI from the customers' bank account into Ujjivan's account on a fixed day every month. This mode of repayment is not uncommon in the

banking industry, however it's a first within the MFI industry.

The main reason for initiating a cashless repayment system was to ensure convenience for our customers. A sizable number of our customers are either small entrepreneurs or belong to the working class and have trouble coming to the branch every month to make cash payments. ECS repayment was a logical step towards helping customers understand how to manage their finances after the loan amount has been transferred into their account. Ujjivan is currently partnering with HSBC bank for this service.

ECS was piloted clearly only for Individual Lending customers. We had worked extensively on modifying our technology infrastructure and MIS reporting for a successful launch of the ECS. Loan officers and cashiers were trained on the process. Backend 'Operations and IT which are the backbone of Ujjivan worked, day and night, with software vendors to customize reports, developing a structured and efficient foundation for the new initiative. On the field, customers were educated on the process and benefits of ECS. We are also introducing Automated Clearing House (ACH) collections in select pockets. This will help reduce TAT for collections and also bring in significant increase in efficiency in the process. We hope to scale up this initiative to all our customers across regions and products in the future.



Awards and Recognition

Ujjivan continued its rich haul of awards in FY 2013-14. Adjudged 9th Best Company to work for - 2nd in Financial Services Category, by Great Place to Work Survey.



Top 10 companies to work for in India

Great Place to Work® is the world's largest and most respected employee survey representing over 10 million employees across 45 countries.





Winner under the Innovator in Responsible Business category awarded by Inc India magazine.

Inc India*, flagship publication of 9.9 Media, announced its first list of India's 100 Most Innovative Mid-Sized Companies. There were a total of 10 categories: Innovation in Branding & Communication, Innovation in Technology, Innovation in Responsible Business, Innovation in Product, Innovation in Manufacturing, Innovation in Marketing, Innovation in People Practices, Innovation in Corporate Governance, Innovation in Supply Chain and Innovation in Smart Money. Ujjivan was adjudged winner under the 'Innovation in Responsible Business' category.

Client Protection Certification by Smart Campaign

Ujjivan was awarded Client Protection Certification by Smart Campaign at the Microfinance India Summit 2013, making it one of the few MFIs in the country to be recognized by the global organization for its strong adherence to the customer protection norms.

Smart Campaign certifies that Ujjivan meets adequate standards of care in implementing all of the Client Protection Principles through their operations, product offerings and treatment of clients. Smart Campaign is a global campaign committed to embedding client protection practices into the institutional culture and operations of the microfinance industry. The campaign Steering Committee comprises respected leaders in the MFI industry from a diversity of regions and institutions including the Consultative Group to Assist the Poor (CGAP) at The World Bank, Deutsche Bank Social Investment Group, the World Savings Bank Institute, WWB Colombia, KfW (Germany), Ujjivan (India), CARD Bank (Philippines), the Microfinance Centre (Eastern Europe & Former Soviet Union), and Fonkoze (Haiti).



MIX 2013 Socially Transparent And Responsible (S.T.A.R.) MFI award

Ujjivan has also received the MIX 2013 Socially Transparent And Responsible (S.T.A.R.) MFI award– and is only the 5th Indian institution which has been given this recognition! Of the 200+ MFIs which participated in the desk review process globally, less than 30 have been awarded S.T.A.R. recognition.

MIX recognised Ujjivan for completing MIX's social performance desk review process and successfully meeting all 2013 S.T.A.R. requirements. That Ujjivan received the award shows its commitment to the cause.

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.

"Having grown up in post-independence India, in the eras of economic scarcity and painful slow growth, like a lot of young men, I wanted to be a millionaire before I was forty. Thirty years later, when I found Ujjivan, professionally I wanted to take up the challenge of becoming a 'Banker to the Poor'. My other aspiration was to positively impact a million lives."

Sudha Suresh, Chief Financial Officer

Sudha is a Chartered Accountant with a rich corporate career spanning over two decades. Her expertise and contributions include areas of fiscal management, strategic planning, capital and debt syndication, MIS and compliances in private and public limited companies. She is on the CFO 100 Roll of Honour for 2013 awarded by CFO India. She is also a qualified Cost Accountant and Company Secretary.

"Ujjivan has been a unique experience throughout stages of growth, industry crisis and resurgence. From top class corporate governance in action, to a vibrant team, from an inclusive approach to leadership, to total ownership of responsibilities on an equal platform for the new as well as the experienced, this is indeed a great place to work in!"



Carol Furtado, Chief Operating Officer - South



Carol has been with Ujjivan since 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 the Financial Women's Association (FWA) of New York Leadership Award. Carol is an MBA from Mount Carmel Institute of Management, Bangalore.

"My career in Ujjivan has been a dream run till date. We have a well-knit team which together pulls Ujjivan to be recognized as the best in all that we do. An amazing set of individuals with a single minded approach working towards building better lives makes each day for me seem like a masterpiece."

Jolly Zachariah, Chief Operating Officer - West



Jolly 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 and Director, Agent and Affinity Banking, in New York. He is responsible for establishing Ujjivan as the leading microfinance service provider in urban Maharashtra and Gujarat.

"My journey has been a roller coaster ride. At Ujjivan, I learnt to appreciate that my 22 plus years as a banker with global exposure had not prepared me for what I experience every day. What excites me is that I continue to learn. What inspires me, is the balance that has to be maintained in making what seems impossible, possible. Thankyou, Ujjivan"

Rajat Singh, Chief Operating Officer - North

Rajat 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 and was soon promoted as COO - East in October 2011. Recently, in April 2013, Rajat became COO - North. Rajat has a B.Tech degree in Agricultural and Food Engineering from IIT, Kharagpur.

"Seeing Ujjivan grow from a start up to one of the most admired MFIs in India is an amazing experience. It is young forever in its true sense, evolving faster than you think we can. Such is my story over the last 7 years - full of action. Switching gears from a financial analyst to a business leader, Ujjivan has given me ample opportunity to explore and experiment, nothing less than my college days. I could not have asked for anything better."



Abhiroop Chatterjee, Chief Operating Officer - East



Abhiroop joined Ujjivan in April 2008 as part of the first batch of Management Trainees. His first assignment was to establish operations at Jharkhand as Area Manager. He later went on to take up the role of Distribution Manager in May 2010. Later Abhiroop worked across all the states of operations in East. In January 2014, he was appointed Chief of Staff for the Eastern Region and was soon promoted as COO - East in April 2014. Abhiroop has a PGDM - Rural Management from Xavier Institute of Management, Bhubaneswar.

"6 years since we started our operations in East and it still seems we have just started. Travelling across the region and opening branches was a great opportunity. Indeed an enriching and exciting time where I could build myself professionally and personally. Seeing Ujjivan through its peaks and troughs, it has been a fabulous journey! Look forward to taking Ujjivan to greater heights!"

Martin Pampilly, Head of Operations

Martin has over 13 years of retail banking experience with ANZ Grindlays, Bank Muscat and Centurion Bank. Martin was a core 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. Martin attended the strategic leadership program at Harvard in April 2013. He also served as the COO - East for some time. Martin is a Computer Science graduate from St. Joseph's College, Bangalore.

"As a Regional Operations Manager at Bangalore, the operations department was my lab to experiment. I started with setting up the help desk to creating controls to working on the CBS project. I was then heading Operations across Ujjivan where we worked towards various efficiency parameters. I was heading the East business for a brief period which was an insightful experience. I am fortunate to be part of this great team."



Sneh Thakur, Head of Credit



Sneh joined Ujjivan in April 2008 in the first batch of Management Trainees. She was a corporate financial analyst and handled corporate finance and investor relationships for over two years. During this time she stewarded two rounds of equity fund raising. In 2011, Sneh was appointed as the Regional Credit Manager - South, overseeing the transition phase of Credit Bureau verifications and compliance to regulatory changes. Recently, in April 2013, she was appointed Head of Credit. Sneh has an MBA in Finance from SDM, Mysore.

"The spirit of Ujjivan is to change with the changing times and I am fortunate to have been given the opportunity to learn about different institutions, countries and cultures. One of the most unforgettable experiences, was getting robbed at gun point in Amsterdam during a leadership course. The course taught me many leadership lessons and I realized they are worth only when I applied it during a crisis. I decided not to part with my valuables and fight it out with the robber, and YES I succeeded. I live by a few golden lessons - Have presence of mind, Lead by example, Have the courage to face difficult situations and work out solutions and to believe in yourself, else there is no reason for others to do so!"

Alagarsamy AP, Head of Audit

Alagar is a Banking and Financial Services professional with over 19 years of experience in sales, credit, risk and audit. Alagar was with ICICI Bank for over 8 years in Retail Assets and Rural Business Groups handling various roles in Sales, Credit and 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.

"Working with Ujjivan has given me an immense sense of fulfillment and job satisfaction. It has given me an opportunity to serve the economically marginalized section of the society and to contribute my bit for inclusive growth. As a professional Ujjivan has broadened my outlook and helped me understand and learn a completely new business segment and more importantly, it has helped me grow into a better human being."



Vittal Rangan, Head of Human Resource



Vittal has over 17 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 include organization development, institution building and leadership. Vittal is an alumnus of SRCC, Delhi and Symbiosis, Pune.

"When I was delivering the ESOP session to the CRS at Ramnagar branch in 2011, I observed one of our staff in tears. When I enquired, I was surprised to see her response when she said, "In my husband's company, when they made losses, they laid-him off. In our company, inspite of our branch making loss due to local issues, Ujjivan trusted us and gave us ESOPs. We will make it No.1 branch again. We not only build a better life for customers, we build better life for our staff as well. That's what brought tears to my eyes". I had been an HR Framework person for most part of my life. This experience taught me that an effective implementation of HR Policy can go a long way in employee engagement. Ujjivan indeed made me a strong HR Practitioner. Today, I can claim to be a complete HR Person, largely because of Ujjivan."

Deepak Ayare, Chief Technology Officer

Deepak is an IT professional with 23 years of experience in different aspects of Technology. He worked in the Gulf and in East Africa for 14 years. His core strengths lie in implementing ERP and developing business systems for organizations in different verticals, IT Vision and cost saving with Open Source Technology. He graduated from Bombay University. Additionally, Deepak has good knowledge about Animal Husbandry and related businesses at a rural level.

"In the last 6 years, I have seen Ujjivan growing from 85 Branches, 850 Employees and 1.5 Lac customers to 350 Branches, 4500 Employees and 14 Lac Customers. Being Head Of Technology, every day it is a new challenge for us to keep the ball rolling and support business. I am proud to have mentored a wonderful team of dedicated and hardworking individuals who have helped in transforming the face of technology at Ujjivan. While working with Ujjivan every day is special and every achievement is a proud moment for me. I feel, directly or indirectly, my work is helping my society to which I belong. This gives me big job satisfaction, which I never got in my earlier jobs."



Premkumar G, Head of Vigilance and Corporate Administration



Premkumar has over 14 years of experience in administration positions with One World Hospital and Paul D'Souza & Associates, a leading law firm. Prem was Head of Administration for 4 years, prior to his current role. He has recently moved as Head of Vigilance. Prem holds a Commerce degree and is a member of the Indian Society of Ergonomics (ISE).

"People often say take up a job that you will love to do or you will muck it up. It's very true in my life too. I always dreamt of working at a place which not only motivates but also gives me the freedom to think, and helps me perform beyond the ordinary; that's Ujjivan for me. I love what I do. What strikes me here, is

the importance accorded to people, and a fair and transparent work environment."

Murli Manohar, National Program Manager - Individual Lending

Murli comes with a work experience of a decade, distributed equally between government and private sectors. He was with ICICI Bank till February 2013 where his last assignment was in Small Enterprises (Finance) Group. He had studied economics and education before joining Xavier Institute of Management - Bhubaneswar, from where he graduated in 2008 with a gold medal in PGDM-Rural Management. He has interests in the areas of financial inclusion, micro-enterprise finance and business development.



"Joining Ujjivan in 2013 was in a sense, a dream come true. I currently work in the Individual Lending Program, which is catering to the financial requirements of the missing middle. The team is great. There is a lot of enthusiasm and hard work! I have learnt the intricacies of working in a young business and dealing with multiple stakeholders. I look forward to giving my best."



Management Discussion and Analysis

The stable regulatory and business environment in the last fiscal year was highly conducive for significant growth of the sector. The industry saw a 35% increase in its loan book over the previous year with increased access to funding and healthy equity investments.

The fiscal year 2013-14 has been a golden year in the history of Ujjivan. The company has achieved excellent growth and profitability while maintaining portfolio quality and significantly improving on its efficiency metrics.

Amongst its significant achievements are:

- Disbursement of Rs. 21,000+ million across 350 branches closing with a portfolio of Rs. 16,173 million, an impressive 44% growth over that of last year
- The customer base has increased over the previous year by 25% to close at 1.3 million
- Excellent credit quality control reflected in its portfolio quality having a CRR of 99.90%
- Greater operational efficiencies enabled by comprehensive DMS implementation across regions helping in overall TAT at 5.3 days
- Cashless disbursements constituted almost 50% of overall disbursements which is unique in the MFI industry
- Intensive focus on laying a strong foundation for its Individual Lending (IL) Business to rapidly build up scale and capitalize on huge demand supply gap and product diversification. The IL portfolio grew from a modest Rs. 460 million to close at Rs. 1,130 million
- Consistent focus on efficiency and backend processes and a tight leash on our operating expenses saw our OER dip to 8.8% from 10.6% last year
- Excellent funding during the year (~Rs. 13,000+ million) with diversification through additional 8 new banking relationships, NCD and initiating new sources
- Our commitment towards Customer Service continued to be a top area of focus. Ujjivan was among the first MFIs to meet Smart Campaign Standards of Customer Protection. Our customer service call centre was leveraged as outbound call centre for IL lead generation.

Microfinance+ Activities

- Our corporate social responsibility projects this year had an amplified impact on the customer community across regions. In FY 13-14, 225 social development programs were conducted primarily in the areas of Community Infrastructure, Water hygiene and Sanitation, and Healthcare touching over 0.34 million lives
 - Our Financial Literacy Program (Diksha) continued with full vigour - 80% of the 137,394 customers enrolled have graduated and been certified and 77% of the 60,708 customers requiring a bank account have had their bank accounts opened
 - Competitive Position: Ujjivan ranks 6th overall (3rd excluding CDR MFIs) in Loan Portfolio and Borrower Base*
 - Awards and Accolades: Ujjivan continued its rich haul of awards in FY 2013-14. Adjudged 7th Best Company to work for, 2nd in Financial Services Category, 2nd in Rewards and Recognition Practice, 3rd in Engaging Frontline Staff - by Great Place to Work® Institute and Economic Times
- Further as per the latest rankings in June 2014, Ujjivan was adjudged the 9th best company to work for and 2nd in Financial Services category- by Great Place to Work® Institute and Economic Times
- Pre-tax profits at Rs. 838.4 million, a 71% boost over in last year, with augmented business volumes and operational efficiency

*Source: MFIN Micrometer

Operational Performance

Disbursements

Higher new customer acquisitions, higher number of repeat loans at higher ticket sizes for our mature, vintage customers ably supported by timely funding, helped us sustain robust business momentum across regions with 37% growth in disbursements over the last fiscal year. The Q4 volumes peaked at ~Rs. 6,400 million with monthly volumes touching the Rs. 2,000 million mark.

Ujjivan launched a significant expansion drive in FY 13-14 and opened 49 new branches across states. It forayed into the new states of Himachal Pradesh (1 new branch) and Madhya Pradesh (7 branches) and expanded its footprints with 41 new branches in the existing states of Karnataka (8 new branches), Bihar (6 new branches), Haryana (4 branches), Maharashtra (11 new branches), Tamil Nadu (6 new branches) and 6 new branches in other states.

Ujjivan approached its business during the year with a two pronged growth strategy. Ujjivan wanted to position itself as a multi-product company with steady growth in the Group Lending (GL) business as the market reaches a high penetration for group lending along with setting a base for an exponential growth in Individual Lending (IL) business with greater thrust on new, customized products, agricultural and allied loans, open market loans and secured lending products. There is immense potential in the metros/ big cities for the individual lending business given the customer base and we are looking at leveraging our geographically diverse presence to focus on region/branch specific products.

The IL Business was reorganised with rationalisation of product programs, formulation of new products, recruitment of exclusive IL staff and comprehensive training. A new field level organization structure (Hub and Spoke) was rolled out across regions for greater accountability and efficiency. Regular follow-up and branch visits by core IL team members was undertaken to increase IL business pan-India. Region-wise campaigns were launched to ring in IL sales with rewards and recognitions for stellar performance above set thresholds. Further, mentors were assigned for special attention to new products - IBL and Housing. Sponsored exposure trips to Philippines and Colombia helped us learn best practices in the IL business. Centre-wise marketing campaigns for better customer awareness and daily tracking of potential leads along with constant guidance by WWB and IFC on stream rolling our policies and processes aligned to the IL business.

Customer Retention

Our comprehensive drive at improving customer retention by retaining quality clients and reinstating dropouts across regions yielded excellent results and saw us closing the year with a healthy 85% customer retention. Customer retention campaigns and increased proportion of pre-approved loans and our ever reducing TAT were key drivers for greater retention.

Efficiency

Implementation of DMS across regions, consistent branch level monitoring of processes, monthly best branch awards to create healthy competition among branches and motivate branch staff, saw our TAT dip to 5.3 days. We plan to push ourselves further to bring our TAT down to 4 days for our group lending products and 5 days for our individual lending products

New Initiatives

To widen our range of services and meet all the financial needs of the customers, Ujjivan Social Services Foundation (a Section 25 company) was incorporated in September 2013. The objective of the foundation is to provide facility management services for serving the poor and the underprivileged and act as a business correspondent, providing our customers a channel for availing banking services, especially savings products by tying up with various banks to partner at regional and state level. It will also explore the possibilities of extending other financial services such as financial literacy programs jointly with Parinaam Foundation, cashless transactions and payments services, money transfer and associated services.

Regional Performance:

Particulars	South	North	East	West	Ujjivan
Total Branches	106	81	108	55	350
New Customers in FY	148,992	90,094	123,505	70,888	433,479
Disbursement in FY (Rs. million)	7,073	4,553	5,942	3,482	21,050
Total Customers	429,638	313,645	428,624	214,149	1,386,056
Borrowers	403,126	296,143	399,735	198,127	1,297,131
Gross Outstanding Portfolio (Rs. million)	5,254	3,793	4,507	2,619	16,173

South registered a firm 50% growth in OSP over the previous year to close at Rs. 5,254 million. Excellent boost in IL volumes pushed the IL OSP to Rs. 550 million constituting 49% of Ujjivan IL OSP and forming 11% of the regions total OSP. The region saw an expansion in working area with 14 new branches during the year.

North had the lowest IL TAT of 6 days and highest customer retention of 86% with 27% growth in OSP over previous year. The region expanded its footprints in 2 new states - HP and MP. The region also added an impressive additional 17 branches to its network.

East registered a massive improvement in efficiency with overall TAT dropping to 5 - 6 days from 16 days last year and had the lowest staff attrition among regions. Business volumes registered a very healthy 43% growth over last year to close at Rs. 4,507 million. The region's branch network expanded by 7 new branches.

West saw a phenomenal growth in business volumes with its OSP closing at Rs. 2,619 million, a massive 60% growth over last year. Consistent focus on branch level monitoring reduced the region's TAT to an all-time low of 4.18 days (lowest across regions) against the benchmark of 7 days. 11 new branches were also launched.

Regulatory Compliance

Ujjivan became one of the first MFIs to get the NBFC-MFI license. Ujjivan kept well within the RBI margin of 12% during the year with an optimum borrowing cost and interest yield. The transition to the 10% margin regime applicable from April 1, 2014 started more than 18 months back when Ujjivan first cut its rates in December 2012 and further in April 2014 to 23.6% - on both fresh and repeat group loans.

Organization Structure

Restructuring may have to be undertaken as the IL portfolio attains a critical mass and exceeds the 15% limit for non-qualifying assets.

Financial Performance

Ujjivan closed a significantly successful year with pre-tax profit of Rs. 838.4 million and post-tax profits of Rs. 550.4 million, ensuring a promising return to all our stakeholders - investors, customers and the employees. After considering cumulative profit of Rs. 909.4 million and transfer to Statutory Reserve, Ujjivan's profit stands at Rs. 799.3 million as at March 31, 2014.

As a standing testimony of our ever improving operating efficiencies, the Operational Expense Ratio dipped to an all time low of 8.8% in March 2014 from 10.6% in March 2013 while our TAT dipped to 5 days from 10 days in March 2013.

Resource Mobilization

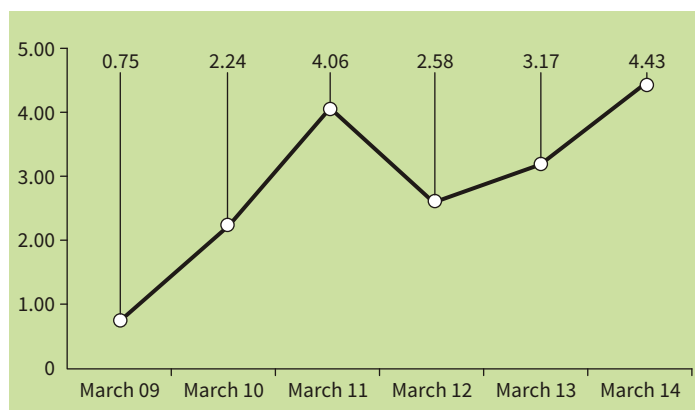
Ujjivan's prudent fund management ensured a very comfortable funding position at all times during the year and it continued to enjoy the benefits of a positive ALM. Ujjivan raised Rs. 13,600 million (90% increase over last year) from banks and financial institutions without resorting to any asset sale or securitization. Ujjivan borrowings as on March 31, 2014 stood at Rs. 16,500 million (previous year Rs. 9,975 million).

The borrowings rose in line with the growth in business volumes and 8 new banking relationships were added by March 2014.

The comfortable funds position of Rs. 4,020 million coupled with undrawn limits and proposals in pipeline are great enablers for significant business momentum up to the first quarter of the next financial year. Key focus areas for FY 2014 - 15 will be to add to diversification with a mix of long and short term funding including ECB, asset sale and securitization, Commercial Paper and NCDs. Long term borrowings and Sub-ordinated debt structures are also in active consideration aiding in matching the asset maturity profile, especially longer term loans under the individual lending business line.

The Capital Adequacy Ratio (CAR) is 22.73% as of March 31, 2014 against Reserve Bank of India's CAR requirement of 15%.

Debt Equity Ratio



Credit Rating

CRISIL has recently assigned the Company mfr1 grading in October 2013. CARE has assigned a rating of CARE A- to Ujjivan on its long term bank borrowings of Rs. 15,000 Million as well as its NCDs. This reflects a well diversified portfolio with good asset quality and consistent increase in earnings and profitability driven by good business growth & outreach.

Risk Management

Audit and Internal Controls

Ujjivan has a very well-defined Internal Audit and Control system in place. Our Internal Audit plan is approved by the Board Audit Committee at the beginning of each 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 and regulatory compliances. These audits are diligently carried out at the branches, regional offices as well as at the head office. While the branch and field audits are carried out by the in-house Internal Audit team, the audits at the 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 using a risk-based approach.

Branch & Field Audits

Ujjivan's strong in-house Regional Audit teams, headed by Regional Audit Managers, carry out the branch and field audits according to the pre-defined plan which includes frequency parameters. Each branch is audited at least 3 times in an FY, while the substandard branches are audited 4 times a year. These audits are very comprehensive - covering Documentation audit, Branch Process audit and Field audit which also includes extensive independent customer visits. Each audit is executed over a period of 10 to 14 mandays depending on the business volume of the branch. Based on the audit observations and scores, the branches are assigned grades of A, B, C or D. The internal audit team also carries out other key activities such as area cross-checks for new branches, survey of branch working areas, negative area cross-checks, fraud investigations and special audits.

Functional Audits

The Board appointed independent Internal Audit firm carries out comprehensive quarterly audits, at regional offices and at head office, covering all key functions including HR, Operations, Credit, Administration, Finance and Accounts. The firm also audits the company's adherence to all Statutory and Regulatory guidelines that have been prescribed for NBFC-MFIs.

The audit process has been even further strengthened by implementation of a separate audit process for the Individual Loan (IL) Business which will be the focus area for the company in the coming years. The scope of various audits are reviewed and modified continuously to keep pace with the dynamic business environment.

A strong compliance monitoring mechanism ensures that all critical issues are tracked until closure within specified timelines. All critical audit findings are presented and discussed at the National Leadership Team meetings and Inter-departmental meetings every month. Key audit findings of Audit team (both internal and external) are communicated to the Board Audit Committee, which meets every quarter, for their review and for necessary action. Monthly audit updates summarizing audit trends and critical issues are also circulated to the Board.

Vigilance

During this year of evolution and growth, the key focus was to take a preventive approach. We have successfully minimized major cash handling risks in co-ordination with cash management and distribution teams across regions with increased cashless disbursements and ECS repayment processes, opening of cluster bank accounts for convenience of depositing collection at bank branches nearer to centre meeting areas in select pockets of Uttar Pradesh and Bihar, and the option of repaying at branches by customers in risk prone areas.

As a first line of defence, we assisted the Human Resources Department by independently assessing the integrity of the proposed candidates as part of the onboarding process. We conduct employee background verifications through our vendors across levels through a BGV (Background Verification) process. We believe that these preventive measures that we explored have resulted in the lowest fraud count since inception.

During the last financial year, we started certain analyses like operational loss analysis and scenario analysis. Based on the outcome, we introduced facilities of CCE (Cash Collection Executives), a low-cost CMS like facility wherein an outsourced agency collects cash from our field staff and brings it to branch offices. We also commenced mapping of risk for key departments and have plans to develop key risk indicators, scoring models and set threshold limits.

We plan to set up a Fraud Control Unit (FCU) to assist in quality acquisition of open market customers and a specialised legal cell across the country comprising of dedicated panel of quality lawyers providing timely legal support.

This year, we initiated an Independent Crime Assessment survey before establishing operations in new areas.

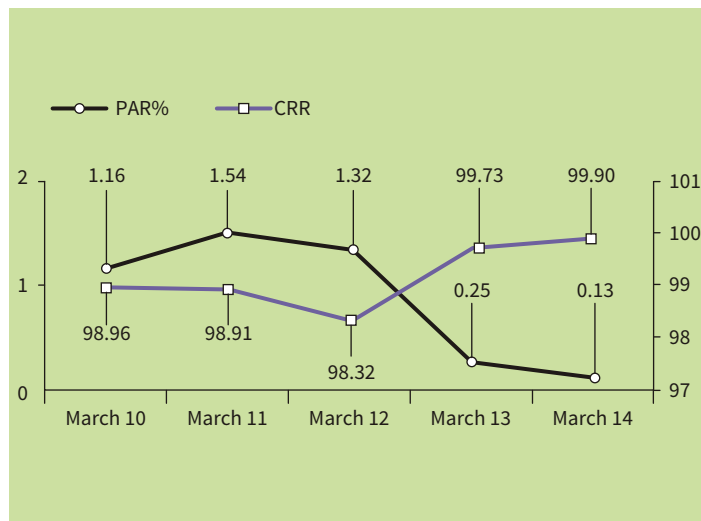
With the change in business scenario, vigilance plays a constructive role in policy finalization through ground testing the piloting process of all upcoming changes. We trust that identification of potential risks in early stages of implementation of any new policy and new method substantially reduces the risk involved and helps in the creation of a robust policy framework.



Credit

Credit Risk & Performance

Ujjivan made significant strides in managing its credit risk resulting in excellent credit performance. The year ended with a robust repayment rate of 99.90% and PAR% of 0.13%, a testimony to our solid credit risk management practices, strong risk culture amongst our people and meticulous execution.



The stable industry and regulatory environment enabled us to focus on a number of initiatives driven towards optimizing resources for increased efficiencies, reduced loan turnaround time, strengthened compliance and portfolio management. The structured branch-wise credit policies aligned to occupation and income levels of clients along with the credit bureau reports have helped attract quality clients, thereby containing the overall default risk to <0.1% of the total loans disbursed during this year. Introduction of the branch and regional credit performance score cards have further strengthened portfolio management. Online credit underwriting through DMS (Document Management System) has substantially increased approver productivity by nearly 60%, reducing the turnaround time for credit decisions.

We launched our first ever collections campaign in collaboration with the bureaus and recovered Rs. 0.4 million from previously written off loans in the South and East regions over a period of 2 months.

Ujjivan is on the cusp of a significant transition - a paradigm shift from intrinsic group lending to diversifying our product suite of individual loans. Suitable products under individual loans-secured and unsecured will be the next growth area for us. We are now in the process of setting up independent and standard underwriting practices, business intelligence and reporting, structured in-house and field collections management, credit risk management and building resource capabilities and capacities. Exposure visits and knowledge enhancement supported by external resource partners and consultants have set the ball rolling for this evolution process.

Operational Risk

High staff turnover and cash handling risk remains a critical influencing factor in this service industry. Managing employee turnover and transition has been a key focus area and we have been successful at containing the attrition at 17.2% this year as against 25% in the last year. In a bid to minimize cash handling risk, Ujjivan had initiated the cashless disbursement for customers in the higher cycles of group lending and those with bank accounts and made it mandatory for all individual lending. This year 50% of our disbursements were effected through the cashless route, and 31% of our collection proceeds were channelized for cashless disbursements. Last year, we also rolled out ECS repayment for our individual lending customers and piloted ECS collections for our group customers in the higher cycles on a selective basis. We do believe that in the long run, each and every one of our transactions will be cashless, which will significantly mitigate cash handling and fraud risks

Sector Risk

The release of the Self Regulatory Organization (SRO) guidelines by the RBI, according recognition to the industry association - MFIN as SRO of the NBFC-MFIs is a huge positive for the sector. It bodes well for the overall regulation of the industry.

The Reserve Bank of India under the new Governor, Raghuram Rajan had set up a Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households. The Committee under Nachiket Mor published a comprehensive report, debated considerably in financial circles. MFIN engaged with the Committee to ensure that the sector's voice was heard

Ujjivan's priorities for the next financial year would predominantly be to maintain steady growth in our core area - group lending business, drive exponential growth in our individual lending business, explore alternative income streams and strive for greater efficiencies in our processes and systems to be able to deliver better services to our customers, attract and retain quality talent and march faster towards our greater goal of financial inclusion, within the ambit of all the applicable laws and regulations.



Service Quality

Our efforts in placing a comprehensive Service Quality Program has been showing excellent results in the areas of customer connect and retention. We have strengthened customer retention programs and grievance redressal mechanisms, built over the past few years. Traditionally we have used our helpdesks and toll-free customer care lines as a service point, primarily attending inbound calls/requests. This year, we have successfully piloted an outbound call centre to support business expansion and customer retention through lead generation for Individual Loans, welcome calls to new IL customers as part of relationship management, and repayment reminders.

Key highlights and achievements of the year are.

- Customer retention rates have improved considerably from 70% in previous year to 85%
- More than 85,000 dormant and dropout customers were met by Customer Care Representatives (CCRs) for exit interviews and 40% (34,000) of them were retained
- 16,000+ customers were retained through special customer retention campaigns
- 69,000+ customer enquiries and grievances were attended to and resolved through our grievance redressal mechanism
- 96,000+ centers were visited by Ujjivan's supervisory team from all departments to seek client feedback directly from the field

Assessments and Recognitions

Ujjivan was recently awarded The Client Protection Certification by Smart Campaign at the Microfinance India Summit 2013. The only other MFIs from India to be awarded the certification during the event are: Bangalore-based Grameen Koota, Chennai-based Equitas, Varanasi-based Cashpor and Mumbai-based Swadhaar.

Ujjivan underwent 'Code of Conduct Compliance Assessment' during January-February 2014. The assessment was conducted by M2i Consulting, an independent agency, using COCA Compliance Assessment Tool. This tool requires scores to be assigned on the seven Code of Conduct dimensions - Client Origination, Loan Pricing, Loan Appraisal, Client Data Security, Staff Conduct, Client Relationship and Feedback and Integrating Social Values into Operations across four parameters - Approval, Documentation, Dissemination and Observance. Ujjivan has received a composite COCA score of 91% (126.4 out of 139) on seven CoC dimensions and 100% (12 out of 12) scores on adherence to RBI directions which denotes 'Excellent Adherence'. Composite COCA scores have improved by 4% from 87% recorded in the previous assessment.



Information Technology

A strong IT infrastructure to efficiently run backend business operations and deliver financial services to customers has always been a top focus area for Ujjivan. We are experiencing great momentum in growth, resulting in the need to capture more data and undertake new processes to meet regulatory requirements. We use the most robust software for DMS, Content Management, Workflow and Process Management. This technology helps in eliminating movement of customer documents between departments for loan processing. With implementation of Workflow Management, the scanned images move among departments based on a set of logical rules. Workflow and Document Management System for Loan Processing has been implemented in all 4 regions and all Ujjivan branches are benefiting highly from this online real-time transaction processing with dramatically reduced loan turnaround time and manifold increase in productivity.

Hand-Held Devices: We have implemented Hand-held devices / Touch-screen tablets for data collection and processing of individual loan applications.

Business Intelligence and Data Warehousing: We are in the process of developing a Business Intelligence System for monitoring business online for data mining, online analytical processing, querying and reporting. BI will be used to improve decision making, cut costs and identify new business opportunities.

Call Center: We have set up a call center for in-bound and out-bound calling for future business and for customer support.

Ujjivan has elevated its position within the microfinance sector and its impact on the communities it serves by investing in a seasoned team of passionate IT specialists and state of the art infrastructure. Ujjivan continues to adopt cutting edge technology applications with increased scalability and cost benefits, and efficient control resulting in consistent service of the highest quality to all of our stakeholders.



Human Resources Development

Managing employee turnover and transition was a key focus for HR this year. The attrition rate improved to 17.2% from 25% last year. Strong employee connects, rationalization of compensation structure, exit interviews and candidate profiling, background checks and employee referral programs helped contain the attrition rate. The Human Resources Department has ably supported the growing demands of the growing business and helped ramp up our individual lending business through recruitments, training of new recruits, and refresher/capacity development courses for the existing staff.

The new initiatives of the Human Resource Department this year include several policy level changes for the benefit of the employees.

Home Location Posting: Considering exits to competition due to opportunities near home location, employees based far from home locations for over 2 years are now provided an opportunity to request for home location posting while applying for Internal Job Posting.

Flexi-time Policy for Regional Office staff: Staff in a unit or department is permitted to opt for standard flexi-time with prior approval of the supervisor. Flexi-time would however, require staff to be available from 11:00 to 4:00 pm.

Community and Customer Programs

Our microfinance plus programs - social and community development programs with the help of sister non-profit Parinaam Foundation have continued to foster strong connect with our customers and communities.

In the fourth year of our self-sustained Social Development Program, we spent Rs. 8.81 million for 225 projects at 290 branches benefitting over 191,500 children and families.

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

We have made significant progress in our Financial Literacy Program - Diksha, a module based program to train customers on managing their savings and debt, the second phase of the financial literacy program. 137,374 customers registered of which 80% were certified and of the 60,708 customers requiring bank accounts, 74% were helped with opening of bank accounts. Diksha, has facilitated 29,584 cashless loans in GL and IL and 2,534 graduations to IL.

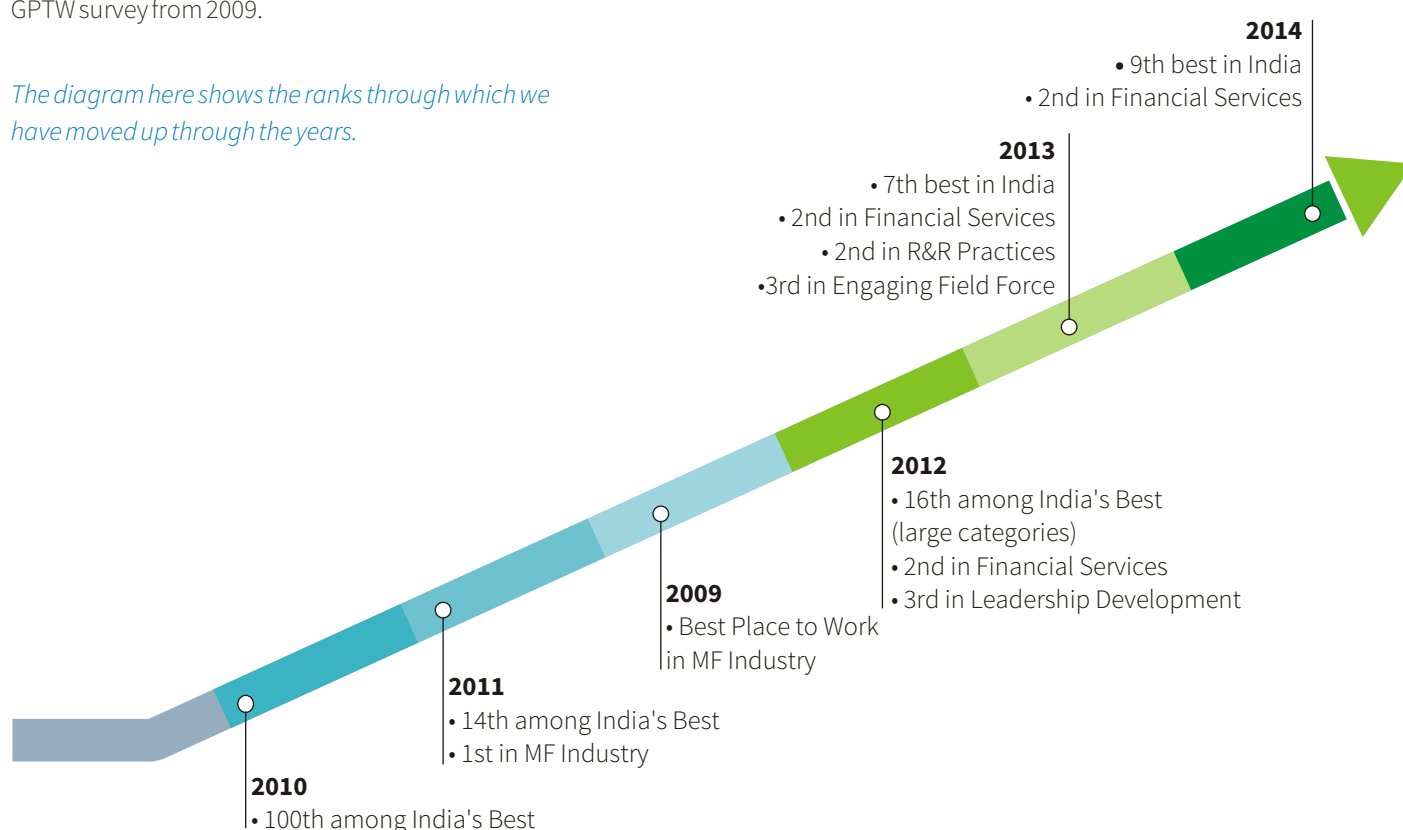
Human Resources

In 2014 Ujjivan continued its glory by being awarded the 9th position in Best Companies to Work for and 2nd position in financial services industry.

In 2013, one of the greatest honors for Ujjivan was being in the top 10 Great Place to Work across 22 industries and 550 organizations. We ranked 7th and joined the likes of Google, NTPC and Intel. In the Financial Industry, Ujjivan ranked 2nd, behind just American Express.

Through the years Ujjivan has maintained its position in the top 10 in this prestigious competition. Ujjivan has been participating in the GPTW survey from 2009.

The diagram here shows the ranks through which we have moved up through the years.



GPTW Institute measures Trust Index Score of organizations. This is a key business metric tracked by over 6,000 organizations every year in over 45 countries across the globe. The study uses a unique employee-centric framework that measures the levels of Trust, Pride and Camaraderie prevalent in an organization.

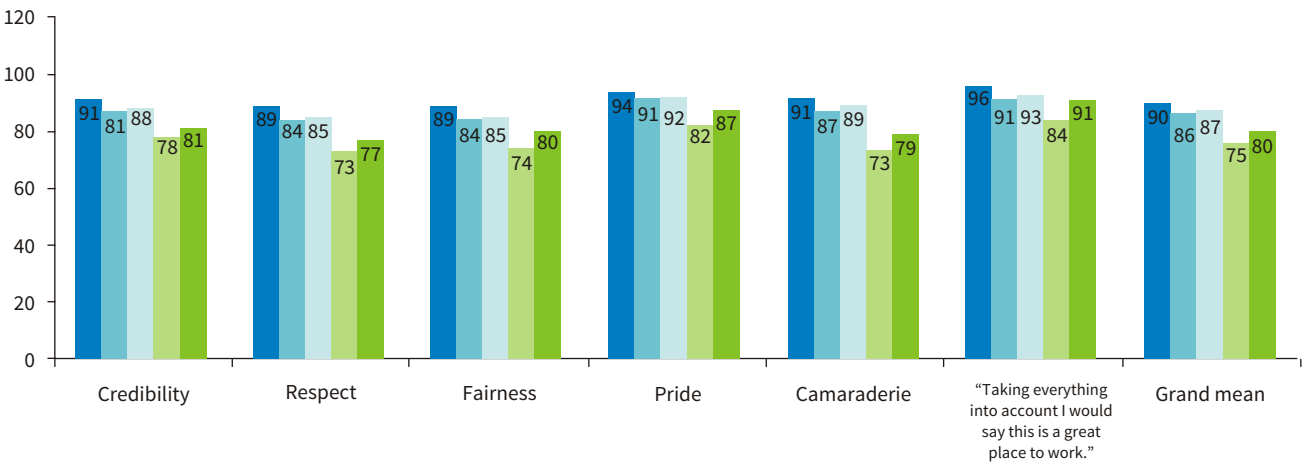
As per GPTW Research Findings, Organizations with a high Trust Index Score:

- Are identified to perform 3 times better than general market indices
- Experience up to 50% less employee turnover thereby increasing productivity and other business results

Ujjivan's Trust Index Grand Mean reached 90 (2013) from 80 (2009). The corresponding Index of India's Top 50 remained approximately at 82 all 5 years.

The graph below shows Ujjivan's scores from 2009 to 2013 across 5 parameters that are measured through the GPTW survey. It also shows that in 2013, 96% of our employees believe that this is a great place to work.

2013 to 2009 score trends



Over the last 3 years, Ujjivan has steadily increased its scores across all major parameters measured and has scored significantly higher than the Top 50 Best Employer scores. 'Pride' being the highest across years - we are proud of our work, of our teams and of our organization. The graph, shows the same.



The table below also shows some very important statements (as per GPTW Institute) that are measured in the survey and how Ujjivan compares to the top best 50 employers:

Ujjivan vs Best vs Rest: Percentage of employees giving positive response in the GPTW survey

	Ujjivan	Top 50	Rest
Management involves people in decisions that affect their jobs or work environment	83	75	62
We have special and unique benefits here	87	76	59
I feel I receive a fair share of the profits made by this organization	90	69	55
People look forward to coming to work here	91	84	71
This is a fun place to work	91	80	67
When people change jobs or work units, they are made to feel right at home	89	78	64

The secret to success in Mr. Samit Ghosh's words, "Our employees are the most important of Ujjivan's stakeholders. We are in the service industry and our customers can be happy only if our employees are. We care for our employees at work and home, during good and bad times. All employees are treated fairly. We are a performance driven organization and expect everyone to pull their weight. That is the culture of Ujjivan!"

All employees are aligned to our mission of 'Building a Better Life' for our customers. This reflects in the job satisfaction that our employees have despite working in very challenging conditions. As Mr. Ghosh puts it, "There is a tremendous job satisfaction, one feels fulfilled when we see the kind of change we can bring in our customers' lives. There are targets but this is not like selling Coca Cola. You may sell maximum number of bottles of Coke, but what impact would that make on society?" (ET Bureau, June 24, 2013, after being ranked #7 in GPTW).

There is a baseline satisfaction and pride in our employees that is evident to anyone who visits our branches. Varied causes like candid communication, opportunities for career growth, mandatorily leaving office by 7:00 p.m., always getting the salary on the last day of the month, taking care of employee's family in case of mishap or death, everything adds up. And then there are some major stepping stones and best practices we have had over the years that adds to the flavour.

A great place to work is defined by the GPTW Institute as a place where you trust the people you work for, take pride in what you do and enjoy the company of people you work with. In Ujjivan, we build better lives not only of our customers but also of our employees. In Ujjivan, we make a difference.

Corporate Governance Report

The Directors present the Company's Report on Corporate Governance. Ujjivan has put in place a formalized system of Corporate Governance. Its governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

Principles of Good Corporate Governance such as ethical approach, balanced objectives, inclusive decision-making process, strategic management, equal concern for all the stakeholders, accountability and transparency are the foundations of Ujjivan's business ethos. The Company does not look at Corporate Governance principles as a set of binding obligations, but believes it is 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 Directors

Mr. K. R. Ramamoorthy	Independent Director Former Chairman and Managing Director/CEO of Corporation Bank and ING-Vysya Bank
Mr. Sunil Patel	Independent Director Chartered Accountant and Management Consultant
Ms. Vandana Viswanathan	Independent Director HR Consultant
Ms. Mona Kachhwaha	Shareholder Director from IFIF Director, Investments - Caspian Advisors Private Limited
Ms. Christina Juhasz	Shareholder Director from WWB ISIS Fund - Chief Investment Officer at WWB ISIS FUND
Ms. Bhama Krishnamurthy	Nominee Director from SIDBI
Mr. Sandeep Farias	Shareholder Director from Elevar Equity Founder and MD of Elevar
Mr. Mohit Bhatnagar	Shareholder Director from Sequoia Capital Managing Director, Sequoia Capital
Mr. Venkatesh Natarajan	Shareholder Director from Lok Capital Managing Director, Lok Capital LLC
Mr. Sanjiv Kapur	Shareholder Director from WCP Holdings III Managing Director at Wolfensohn Fund Management
Mr. Sarvesh Suri	Shareholder Director from IFC Country Manager, IFC Indonesia
Mr. Samit Ghosh	CEO & Managing Director, Ujjivan

Meetings held:

During Financial Year 2013-14, the Board met four times and the meetings of the Board of Directors were held on May 17, 2013, August 22, 2013, December 11, 2013 and on March 6, 2014.

Brief terms of reference include:

Evaluation on the Company's strategy, setting goals, policies for critical operations of the Company, ensuring adequacy and effectiveness of internal control, Risk Management review and making appropriate strategies for implementation of appropriate policies to ensure risk mitigation, regular review of all macro policies and strategies, compliances and achievements in line with the regulations and business plans.

Changes in Board composition:

- Ms. Bhama Krishnamurthy is appointed as a Nominee Director from SIDBI in place of Mr. K. Natarajan w.e.f July 11, 2013.
- Mr. Sandeep Farias and Mr. Sarvesh Suri are appointed on the Board of the Company w.e.f November 11, 2013 and December 20, 2013 respectively. The Board welcomes the new Directors inducted during the year under review.
- Mr. K. Natarajan, SIDBI Nominee Director and Mr. Christopher Miles Brookfield, Shareholder Director, resigned from the Board of Directors of the Company w.e.f July 11, 2013 and November 11, 2013 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 existing procedures and policies on Corporate Governance and made certain additions to further strengthen the governance practices. The revised Governance Code is approved by the Board on March 6, 2014, in line with the regulatory framework and corporate best practices and an extract of the same is published on the Company's website.

Fair Practices 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), Sa-Dhan and AKMI. 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.

Smart Campaign is a global campaign committed to embedding client protection practices into institutional culture and operations of the microfinance industry. Smart Campaign certified in January 2013 that the Company meets adequate standards of care in implementing all of the Client Protection Principles through their operations, product offerings and treatment of clients. The Board Members and senior management personnel affirmed their compliance with the Fair Practice Code.

Committees of the Board

Audit Committee

Committee Composition

Mr. Sunil Patel
Ms. Bhama Krishnamurthy
Mr. Venkatesh Natarajan

Meetings held:

During Financial Year 2013-14 the Committee met four times and the meetings of the Committee were held on May 17, 2013, August 21, 2013, December 11, 2013 and on March 5, 2014.

Terms of Reference:

The Committee is responsible for reviewing the quarterly, half-yearly and annual financial statements before being presented and recommended to the Board.

- Supervising internal audit activities, including reviewing the annual internal audit plan and the internal audit reports
- Recommending to the Board the accounting policies and practices of the Company as well as reviewing all accounting issues that have a significant effect on the financials of the Company
- Reviewing the Company's internal controls and their adequacy
- Recommending to the Board the appointment or the removal, the remuneration and other contractual terms of the external statutory auditors

- Assessing the objectivity of the external auditors including the consideration of any other non-audit work performed by the external auditors

- Audit Committee to review and monitor independence and performance effectiveness of audit process

- To review transactions of the company with related parties

- Valuation of undertakings or assets, wherever necessary

- Scrutiny of inter-corporate loans and investments

- Call for the comments of auditors on the internal control systems, scope of audit observations on financial statements

- Investigate in to any matters related to related party transactions

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

Alco Committee

Committee Composition

Ms. Mona Kachhwaha
Ms. Christina Juhasz
Mr. Venkatesh Natarajan
Mr. Samit Ghosh

Meetings held:

During Financial Year 2013-14, the Committee met three times and the meetings of the Committee were held on August 21, 2013, December 11, 2013 and on March 5, 2014.

Terms of Reference:

To provide a comprehensive and dynamic framework for identifying, measuring, monitoring and managing financial risks closely integrated with Ujjivan's business strategy. It relates to management of the following types of risks:

- Risks arising from liquidity mismatch or liquidity risk

- Risks arising from movement in interest rates or interest rate risk

- Risk arising from movement in exchange rates or foreign currency risks

- Risks management of timely and diversified sources of funding.

Risk Management Committee

Committee Composition

Ms. Mona Kachhwaha
Mr. Venkatesh Natarajan
Ms. Christina Juhasz
Mr. K. R. Ramamoorthy
Mr. Samit Ghosh

Meetings held:

During Financial Year 2013-14 the Committee met three times and the meetings of the Committee were held on August 21, 2013, December 11, 2013 and on March 5, 2014.

Terms of Reference:

- Reviewing the Risk Management Strategy and Policy before being approved by the Board and assessing its effectiveness on a continuous basis
- Reviewing the Credit Risk policy including the risk acceptance criteria, identification of early warning signals, reviewing Loan Loss provisioning and write-off policies and the reports by the credit risk committee of executive management

- Reviewing the liquidity risk along with reports of the Assets and Liabilities Committee of the Executive Management on a periodic basis
- Reviewing the Operational Risk events that had occurred during the quarter and the systemic improvements taken/proposed by the Executive Committee of Management dealing with operational risk.

Nomination and Remuneration Committee

Committee Composition

Mr. K. R. Ramamoorthy
Mr. Sunil Patel
Mr. Mohit Bhatnagar
Mr. Samit Ghosh

Meetings held:

During Financial Year 2013-14, three meetings of the committee were held on July 9, 2013, November 8, 2013 and December 17, 2013

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)
- To determine the level and composition of remuneration for directors
- To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets performance benchmarks, and involves a balance between fixed and incentive pay to Directors, key managerial personnel and any other personnel

- To carry out evaluation of every Director's performance
- Consider and recommend to the Board, the remuneration for the Chief Executive and Independent Directors
- Ensuring the directors before induction and existing Directors before reappointment pass the 'fit and proper' criteria
- Recommend to the Board the MD's salary, bonus and other incentives and equity compensation and, in connection with such determination periodically review and approve the goals and objectives assigned to the MD and evaluate the MD's performance in light of such goals and objectives .

Human Resources and Compensation Committee

Committee Composition

Ms. Vandana Viswanathan

Mr. Sandeep Farias

Mr. Mohit Bhatnagar

Mr. Samit Ghosh

Meetings held:

During Financial Year 2013-14, the Committee met three times and the meetings of the Committee were held on August 21, 2013, December 11, 2013 and on March 5, 2014.

Terms of Reference:

The Committee's responsibilities include:

- Review regularly and approve the Company's programs for executive development and employee development for senior management positions, including performance and skills evaluation, training, talent retention, talent management, wellness, management depth and succession planning

- Develop, review and approve the principles guiding the Company's executive compensation philosophies
- Review annually and approve the Company's compensation strategy
- Assure that the bonus plan is administered in a manner consistent with Company's compensation principles and strategies including:
- ESOP administration
- Company's policies relating to executive management succession and executive organization development
- Review of compensation of members of the Board
- Review the operations of the Trust/s set up by the Company for relief and support of employees and customers.

Governance Committee

Committee Composition

Mr. K. R. Ramamoorthy

Mr. Sanjiv Kapur

Mr. Sandeep Farias

Mr. Sunil Patel

Mr. Samit Ghosh

Meetings held:

During Financial Year 2012-13 the Committee met once and the meeting of the Committee was on March 6, 2014.

Terms of reference:

- Directing the preparation of the Company's 'Corporate Governance Code', reviewing the Code annually and recommending changes, if any, and supervising its implementation

- Reviewing the structure of various Committees of the Board, their composition and also composition of the Board to ensure the efficacy of the Board and its Committees.

Business Operations and Corporate Social Responsibility Committee

Committee Composition

Mr. Venkatesh Natarajan

Mr. Mohit Bhatnagar

Mr. Sanjiv Kapur

Ms. Vandana Viswanathan

Mr. Samit Ghosh

Meetings held:

During Financial Year 2013-14, the Committee met three times and the meetings of the Committee were held on August 21, 2013, December 11, 2013 and on March 5, 2014.

Terms of Reference:

- This Committee's duties and functions shall be primarily to undertake review of the business and social performance and propose to the National Leadership Team strategic directions subject to the Board approval

- The objective is to oversee Corporate Social Responsibility programs conducted by the company, review and monitor policies in this regard 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 and Financial Institutions who have partnered in the Company's growth and success.

General Shareholder Information

Company Registration Details

The Company is registered in the State of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U65999KA2004PTC035329

Annual Report

The Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website (www.ujjivan.com).

Debt Securities Listing

The Bombay Stock Exchange

Debenture Trustee

IDBI Trusteeship Services Limited,
Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate,
Mumbai 400 001. Tel: +91 22 4080 7021

Payment of Depository Fees

Annual Custody/Issuer fee for the year 2014-15 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web-based complaints redress system by Securities Exchange Board of India for debt listing. The salient features of this system are centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. Till the date of the report the status of investor complaints are Nil.

Registrars and Transfer Agents for Equity Shares and Non-Convertible Debentures:

Karvy Computershare Private Limited,
Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
Tel: +91 040 44655265 e-mail: ramachandra.v@karvy.com
Website: www.karvy.com

Dividend declared for the last 5 years

Financial Year	Dividend declaration	Dividend per share *
2008-09	Nil	Nil
2009-10	12.7.2010	0.20 Ps
2010-11	14.7.2011	0.20 Ps
2011-12	Nil	Nil
2012-13	29.7.2013	0.25 Ps

* Share of paid-up value of Rs. 10 per share.

Note: Dividend of Rs. 0.50 per share, recommended by Directors on May 16, 2014 is subject to declaration by shareholders at the ensuing Annual General Meeting.

Vigil Mechanism

The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a vigil mechanism process wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to an e-mail ID designated accessible to Audit Committee members. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

Advisory Group

- Mr. Jaithirth (Jerry) Rao, Ex-Chairman and CEO, Mphasis
- Mr. Vijay Mahajan, Chairman, BASIX
- 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 • Dhanalakshmi Bank
- ING Vysya Bank • ICICI 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 • Vijaya Bank

Auditors

- Deloitte Haskins & Sells (Statutory Auditors)
- V. Nagarajan & Co. (Internal Auditors)

Market Research Agency

Delphi Research Services (P) Ltd.

Legal Counsel

Universal Legal

Directors' Report

The Members,

Your Directors are pleased to present the Tenth Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended, March 31, 2014. The summarized financial results for the year ended March 31, 2014 are as under:

Particulars	FY 2013-14 (Rs.)	FY 2012-13 (Rs.)
Operating Income	3,478,892,385	2,225,188,809
Other Income	97,734,887	114,096,905
Total Income	3,576,627,272	2,339,285,714
Less Operational Expenses	2,738,219,122	1,847,748,159
Personnel Expenses	813,237,770	657,633,842
Administrative Expenses	362,044,676	289,625,706
Finance Charges	1,448,546,685	806,244,957
Depreciation	31,467,170	25,216,963
Provision For Doubtful Debts	82,922,821	69,026,691
Profit/(Loss) Before Tax	838,408,150	491,537,555
Less: Income tax	316,163,764	161,000,000
Less Deferred tax	(28,130,625)	(7,986,760)
Profit/(Loss) After Tax	550,375,011	338,524,315

Review of operations

The operational highlights for the financial year ended March 31, 2014 include:

- 350 branches across 22 states and union territories
- Customer base of 1,386,056 and cumulative disbursement of Rs. 68,009 million
- Loan outstanding up from Rs. 11,260 million in the previous financial year to Rs. 16,173 million

Ujjivan has had profitable operations for a consecutive fifth year and has returned a post tax profit of Rs. 550.4 million. It has transferred an amount of Rs. 110.1 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. 909.4 million and transfer of Statutory Reserve, Ujjivan's profit stands at Rs. 799.3 million as at March 31, 2014. Report is attached and forms part of the Directors' report.

Dividend

The Board has recommended a dividend of Rs. 0.50 per equity share for this year.

Credit rating

CRISIL has assigned the Company mfr1 grading in October 2013, the highest grading for MFI's.

As of March 2014, Ujjivan had a rating from CARE of BBB+ on its long term borrowings and NCD's of Rs. 15,000 million

Capital adequacy

The Capital Adequacy Ratio of the company was 22.73% as of March 31, 2014 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-MFI 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. During the year Ujjivan was classified as NBFC-MFI by RBI w.e.f September 5, 2013.

Code of Conduct, Transparency and Client Protection

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

Ujjivan is proud to be the sole representative among 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 Corporate Social Responsibility Programs along with staff, customers and the communities where we work.

The program follows a decentralised and participatory approach with the view of empowering the customers and the branch team to jointly decide and undertake needed community development projects to benefit the families, especially children. In 2013-14, these projects were carried out in 225 branches, benefitting over 217,000 children in institutions including state government-run anganwadis and community members from local areas, orphanages etc. A total of over Rs. 8.81 million was spent on this program. We plan to cover more branches in the near future.

Ujjivan has a Corporate Social Responsibility policy approved by Board and the Company is committed to the same.

A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link on the CSR policy and projects is placed on the Company's website.

Further your board has constituted a Corporate Social Responsibility Committee with Independent Director as member along with other members.

The Details of CSR spent during the financial year, manner in which the amount was spent during the financial year, is detailed below.

CSR projects in FY 2013-14

(Amount in Rs. million)

S.No	CSR Projects	Sector in which project is covered	Projects/ Programmes Specify the District/state where programmes are	Amount spent project wise/ programme wise	Amount spent project wise/ programme wise		Cumulative expenditure up to the reporting period	Amount spent directly
					1.Direct Expenditure on projects/ programmes (refers to non administrative expenses)	2. Overheads (refers to admin expenses)		
1	South	Water Hygiene and Sanitation Healthcare Environmental Community Infrastructure	Karnataka Kerala Pondicherry Tamil Nadu	0.05	1.79	0.16	1.95	All expenses are directly expensed at Ujjivan and there is no implementing agency
2	North	Community infrastructure Healthcare Water, Hygiene and Sanitation	Delhi (NCR) PHC Rajasthan Uttar Pradesh/ Uttarakhand	0.04	1.88	0.23	2.10	All expenses are directly expensed at Ujjivan and there is no implementing agency
3	West	Water, Hygiene and Sanitation Community infrastructure Healthcare	Maharashtra Gujarat	0.03	0.84	0.23	1.07	All expenses are directly expensed at Ujjivan and there is no implementing agency
4	East	Water, Hygiene and Sanitation Community infrastructure	West Bengal Jharkhand Orissa	0.04	3.34	0.35	3.69	All expenses are directly expensed at Ujjivan and there is no implementing agency
Total					7.85	0.96	8.81	

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

Foreign exchange inflow for the Company during the year is nil.
The Foreign exchange outflow during the previous year is nil.

Directors

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

Mr. K. Natarajan (SIDBI Nominee) resigned during July 2013, Mr. Christopher Brookfield resigned during November 2013. Further Ms. Bhama Krishnamurthy (SIDBI Nominee) appointed during July 2013, Mr. Sandeep Farias appointed during November 2013 and Mr. Sarvesh Suri appointed during December 2013 on the Board of your Company. The Board of Directors place on record its appreciation for the services of the outgoing Directors and welcome the new Directors inducted during the year under review. The Board of Directors of the Company consists of the following Directors as on March 31, 2014. 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
Ramamoorthy Rajagopalan Kuttalam	4	4
Sunil Vinayak Patel	4	4
Vandana Viswanathan	4	4
Bhama Krishnamurthy	3	2
Mona Kachhwaha	4	3
Christina Juhasz	4	2
K. Natarajan	1	1
Christopher Miles Brookfield	2	1
Venkatesh Natarajan	4	4
Mohit Anand Bhatnagar	4	4
Sanjiv Kapur	4	2
Sandeep Farias	2	2
Sarvesh Suri	2	1
Samit Ghosh	4	4

*Mr. K. Natarajan resigned w.e.f July 11, 2013

*Mr. Christopher Brookfield resigned w.e.f November 11, 2013

*Ms. Bhama Krishnamurthy appointed w.e.f July 11, 2013

*Mr. Sandeep Farias appointed w.e.f November 11, 2013

* Mr. Sarvesh Suri appointed w.e.f December 20th, 2013

Personnel

None of the employees fall under the category specified under Section 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.

Control over compliance with applicable laws

The Company has ensured requisite Internal Controls to ensure timely compliances and review of the same.

Development and implementation of risk management policy

Ujjivan's Risk Management Committee consists of well experienced Directors from diverse background who bring in the best risk practices to the organization. The Risk Management Committee, which meets every quarter, comprises of five Directors including an Independent Director who is the Chairman of the Committee. The Committee reviews the Risk Management Framework of the company and verifies adherence to various risk parameters and compliances. The Company's Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Risk Management Committee reviews various risks which the organization is exposed to including Credit Risk, Interest Rate Risk, Liquidity Risk, Operational Risk and Regulatory Compliance issues. The Risk Committee approves and makes recommendations to the Board regarding all its risk-related responsibilities, including the review of major risk management and regulatory compliances.

Loans, guarantees and investments made by the company

The company has not given any loans and guarantees.

Related party disclosures:

1. Transactions with related parties during the year:

Particulars	Key Management Personnel	
	March 31, 2014	March 31, 2013
Remuneration:		
Mr. Samit Ghosh	5,078,149	4,457,895
Mrs. Sudha Suresh	3,627,972	-
Mrs. Suhasini Ashok	784,924	-
Outstanding Balance:		
Due to Mr. Samit Ghosh	244,072	202,692
Due to Mrs. Sudha Suresh	182,592	-
Due to Mrs. Suhasini Ashok	9,284	-

2. Enterprises owned by relative of key management person:

Particulars	March 31, 2014	March 31, 2013
A. Parinaam Foundation Amount received towards Reimbursement of expenses and others service	6,245,502	4,850,847
B. Ujjivan Social Services Foundation Investment in shares	10,000	-

Employee stock option scheme

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	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Options granted, beginning of year	4,435,025	3,081,470
Granted during the year	-	1,646,010
Exercised during the year	-	-
Forfeited/Expired during the year	296,937	292,455
Options granted, as of March 31, 2014	4,138,087	4,435,025
Option exercisable at the year end	1,841,097	1,106,664
Weighted average of remaining contractual life (years) at the year end	2	3

For the options granted under ESOP 2010 plan, the difference between the intrinsic value of the underlying shares in the year of grant and the options exercise price is charged to the profit and loss account. Accordingly, the compensation charge thereon in the current year is Rs. Nil (P.Y 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 and diluted, had the company adopted the fair value method amortizing the stock compensation expense thereon over the vesting period, the reported profit for the year ended March 31, 2014 would have been lower by Rs. 14,418,327/- and the basic and diluted EPS would have been revised to Rs. 8.16/- and Rs. 7.67/- respectively.

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 RBI, Investors, Auditors, 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 16, 2014 Place: Bangalore

For and on behalf of the Board


Samit Ghosh

Managing Director


Sunil Patel

Independent Director

Social Development Programs / Corporate Social Responsibility

Through its Social Development Programs, Ujjivan has integrated a developmental perspective into its business model. The initiative, started in 2010, is among the first of its kind and is a natural extension of our promise Build a Better Life. Alongside micro credit, our initiative also ensures they have a comfortable, better life.

Under this program, a portion of the company's profits is allocated to all mature branches (operational for more than 1 year) to initiatives in Child Welfare and Development, Infrastructure, Healthcare and Disaster Relief. The SDP Committee comprises both branch staff and customers who belong to the community. Customer participation is encouraged and this approach has been successful in selecting the right, high impact for the communities we work with.

This year, the focus was on community development projects. In FY 13-14, 225 social development programs were conducted primarily in the areas of Community infrastructure, Water Hygiene and Sanitation, and Healthcare which reached out and touched over 0.34 million lives.

North

Modinagar Branch SDP (UP/UK) - Construction of toilet for women

Jagatpuri has a population of 800 families, of which 170 families are associated with Ujjivan. More than 300 families do not have access to toilets within their home. This issue was identified and the Government and a few private players built awareness through various programs. Ujjivan constructed a toilet for the ladies in the village. Not very long ago, the Union Minister for Rural Development, during a visit to UP, said that over 52,000 gram panchayats in the state had failed to implement the 'Nirmal Gram Yojna' (aimed at making villages free from open defecation) in the state. Under the scheme, the Centre provides a subsidy of Rs. 70,00 per toilet and aims to ensure that people, particularly women, do not defecate in the open. SDP was a great initiative taken by Ujjivan and had an immediate impact and within six months, the local authorities came forward and constructed 60 toilets within the premises of Jagatpuri working area of Modinagar. This initiative of Ujjivan was a great enabler.

Projects	North	South	East	West	Total
Water, hygiene And sanitation	30	20	26	16	92
Environmental	0	3	5	0	8
Community infrastructure	15	11	65	12	103
Healthcare	8	6	4	4	22
Beneficiaries	157,170	44,150	107,270	38,209	346,799
Expenses (millions)	2.10	1.95	3.69	1.07	8.81



Alwar, Rajasthan - Facilitated a Government Satellite Hospital with all equipment required for a maternity hospital

Our project made the hospital capable of handling maternity cases, which they could not prior to this SDP initiative by Ujjivan. This will benefit the entire locality and Ujjivan will share in the joy when every baby is born.



Tonk, Rajasthan - Special tables for differently-abled students

Manav Dharma School in Tonk is a special school that provides free education to differently-abled children. The SDP committee saw the need to help provide better education facilities to these children. Ujjivan provided specially designed U-shaped tables to the school. With the unique seating pattern and use of earphones, the teachers can easily monitor student participation in class.



Sri Ganganagar, Rajasthan - Construction of bus shelter for Maujpur village

In Maujpur village over 500 households are served by our Ganganagar Branch. The total population is approximately 7,000. All of them face problems during the harsh, Rajasthan summer and the rainy season since there is no shelter while waiting for a public transport. Ujjivan provided a covered Bus/Auto stand which provides shade and eases the wait.



South

Nanjangud, Karnataka - Water hygiene project

The Govt. Maternity Home's closest access to water was 2 km away. Ujjivan took up the project and helped build a water tank in Kalale village with a pipeline to the hospital. This project benefited 6000 people in the village and also the visitors to the hospital.

Vellore, Tamil Nadu - Sanitation project

The branch team and committee members of Vellore came up with the initiative to provide toilet facilities to the children of MSCA Middle School in Katpadi. This helps 150 students (of which 90 are girls) access a clean toilet. This also benefited over 180 Ujjivan households in the vicinity.

Chitradurga, Karnataka - Access to clean drinking water

The people of Babu Jaga Jeevan Ram Nagara have to fetch water from quite a distance. This was resolved by providing two water tanks and clean drinking water facility in the area using a pipeline from an existing water source at a distance. This now benefits over 1,000 members of the community.

Kochi, Kerala: Shelter and training for the poor

The project involved creating shelters for the downtrodden and the homeless at a rehabilitation centre in Palluruthy in Kochi. They were then provided training and equipped with skills that would help provide them a livelihood.

East

Chakdah, W. Bengal - Renovation of primary school for tribal students

'Adibasi Kalyan Samity', a rural NGO, built a primary school for tribal students of that area. The school was built out of bamboo and had a thatched roof. The structure was weak with a leaking roof and walls. Ujjivan helped build a pucca structure so that the students would be more comfortable and secure while at school. This gesture was appreciated by the entire community.

Midnapur, W. Bengal - Waiting shed in crematorium ground

The Midnapur branch team in West Bengal constructed a shed in the open crematorium grounds, for the bereaved family members who come and stay there until the last rites are performed. This now serves as a place where people can take rest while they are waiting. The effort was well appreciated in the local newspaper.

Raiganj, W. Bengal - Basic necessities at Pardha Tapashali Ashram Hostel

This government school was established well before India's Independence in the year 1934 in North Dinajpur District of West Bengal. In 1998, the Pardha Tapashali Ashram Hostel was built where 30 boarders lived in the most adverse conditions. The students did not even have lights in their rooms. The Ujjivan team installed electric wiring throughout the hostel and provided CFL lamps, ceiling fans and also repaired the drainage system to make sure nothing came in the way of student comfort during their school years.

R N Sha Chowk, Bihar - Renovation of foot bridge at Belba village

A canal carves Belba village into two, overflowing during the rains and a dry ravine in the summer. The villagers were dependent on a foot-bridge that over time, had deteriorated considerably, making it unsafe to cross. Ujjivan helped rebuild the bridge, with railings, to help villagers go across safely. Close to 3,000 people living in the surrounding area now use the foot-bridge every day.

West

Borivali, Mumbai - Access to clean drinking water

In Mumbai, most of our customers and other inhabitants are forced to depend on tube wells for drinking water, especially in the slum areas. While discussing their issues, we discovered that these tube wells, their primary source of drinking water, were in a pathetic condition. Hence the Borivali branch team, in consultation with all the local stakeholders, decided to undertake renovation of 4 tube wells in Kajupada area under the SDP program. We also provided them with other useful equipment like buckets, ropes and pulleys to fetch water. Although it is a very basic step to help our customers, this program directly impacted more than 1000 people in this area.

Bharuch, Gujarat - Access to clean drinking water

Access to clean drinking water is a very basic necessity. Lack of clean drinking water leading to water-borne diseases was a major concern at Tadiya area of Bharuch. Based on the request from the community, the common hand pump in the area was completely reconstructed. More than 1,000 people staying nearby have been benefitted by this initiative.

Chandan Nagar, Pune - Life-long supply of free power/electricity

Every day, for billions of years now, man has been benefiting from solar energy in a variety of ways. Solar energy is free and is the best way of generating eco-friendly energy for all. Ujjivan installed solar lamps in Malwadi area of Chandan Nagar. This helped the local community light up the streets to make them safe during the night. Approximately 2,000+ locals benefitted from this initiative that uses free, renewable energy.

Ram Nagar, Pune - Clean drinking water for everyone

Kofi Annan, seventh Secretary General of the UN, once said, "We shall not defeat AIDS, tuberculosis, malaria, or any of the other infectious diseases that plague the developing world until we win the battle for safe and hygienic drinking water". Sadly, even today many villages across India do not have access to clean drinking water. During SDP committee meeting, members got to know that the people of Ram Nagar had to wait for 5 days for their turn to refill water. After the initiative by Ujjivan to build a 1,000 litre water tank, the waiting time has now reduced to a day. There is scope to further improve on this.





Audited Financial Report

Independent Auditors' Report

To the members of Ujjivan Financial Services Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) 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.
 - (b) 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.
 - (c) 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.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 008072S)



S. Sundaresan
S. Sundaresan

Partner

Bangalore, May 16, 2014

(Membership No. 25776)

Annexure to the Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.)

1. Having regard to the nature of the Company's business / activities / result during the year clauses ii, v, vi, viii, xii, xiii, xiv, and xx of paragraph 4 of the Order 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, the company is still in the process of reconciling the physical assets with book records.
 - 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 is an adequate internal control system 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 failure to correct major weakness in such internal control system. There was no purchase of inventory and sale of goods during the year.
5. In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
6. According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, 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 delays in remittance of Provident Fund and Professional Tax during certain months.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax,

Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.

- c. There are no 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, 2014 on account of disputes.
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. In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report funds raised on short term basis have, prima facie 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 year covered by our audit report, the Company had issued 40 debentures of Rs. 1 crore each and 500 debentures of Rs. 10 lakh each. The Company has created security in respect of the debentures issued.
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 at Rs. 442,023/- of which Rs. 358,072/- 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

(Firm's Registration No. 008072S)

S. Sundaresan

S. Sundaresan

Partner

(Membership No. 25776)



Bangalore, May 16, 2014

Balance Sheet as at March 31, 2014

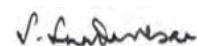
(Amount in Rs.)

Particulars	Note No.	As at March 31, 2014		As at March 31, 2013	
I. EQUITY AND LIABILITIES					
(1) Share Holder's Funds:					
(a) Share Capital	3	655,813,630		655,813,630	
(b) Reserves and Surplus	4	3,069,458,262	3,725,271,892	2,557,555,695	3,213,369,325
(2) Non-Current Liabilities					
(a) Long-term borrowings	5	5,651,471,277		3,834,757,100	
(b) Long term provisions	6	22,963,636	5,674,434,913	11,607,790	3,846,364,890
(3) Current Liabilities					
(a) Short-term borrowings	7	19,274,168		40,017,277	
(b) Trade payables	8	50,585,501		47,985,072	
(c) Other current liabilities	9	11,083,272,760		6,310,281,656	
(d) Short-term provisions	10	234,176,292	11,387,308,721	144,398,824	6,542,682,829
Total			20,787,015,526		13,602,417,044
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	11A	98,082,075		82,787,085	
(ii) Intangible assets	11B	29,169,333	127,251,408	28,592,170	111,379,255
(b) Non-current investments	12	1,010,000		1,000,000	
(c) Deferred tax assets (net)	26.6	68,320,423		40,189,798	
(d) Long term loans and advances	13	51,130,686		33,225,238	
(e) Other non-current assets	14	2,383,005,335	2,503,466,444	1,903,997,415	1,978,412,451
(2) Current assets					
(a) Receivables under financing activity	15	13,876,137,361		9,473,954,775	
(b) Cash and Bank Balances	16	3,944,544,641		1,786,224,211	
(c) Short-term loans and advances	17	106,217,035		61,786,206	
(d) Other current assets	18	229,398,637	18,156,297,674	190,660,146	11,512,625,338
Total			20,787,015,526		13,602,417,044
See accompanying notes forming part of the financial statements	1-30				

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants


S Sundaresan
Partner



Place: Bangalore
Date: May 16, 2014

For and on behalf of the Board of Directors


Samit Ghosh
Managing Director


Suhasini Ashok
Company Secretary




Sunil Patel
Director


Sudha Suresh
Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2014

(Amount in Rs.)

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
A. INCOME			
(a) Income from Operations	19	3,478,892,385	2,225,188,809
(b) Other Income	20	97,734,887	114,096,905
Total Income (A)		3,576,627,272	2,339,285,714
B. EXPENDITURE			
(a) Employee benefits expense	21	813,237,770	657,633,842
(b) Administrative and Other Expenses	22	362,044,676	289,625,706
(c) Finance cost	23	1,448,546,685	806,244,957
(d) Depreciation and amortisation expenses	11	31,467,170	25,216,963
(e) Provision / write off for receivables under financing activity	24	82,922,821	69,026,691
Total Expenditure (B)		2,738,219,122	1,847,748,159
Profit Before Tax (A - B)		838,408,150	491,537,555
Tax expenses			
(a) Current tax expenses		317,000,000	161,000,000
(b) Provision for tax of earlier year		(836,236)	-
(c) Deferred Tax	26.6	(28,130,625)	(7,986,760)
Profit for the Year		550,375,011	338,524,315
Earnings per Equity Share:	26.5		
(a) Basic		8.39	5.49
(b) Diluted		7.89	5.12
See accompanying notes forming part of the financial statements	1-30		

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

S. Sundaresan
S Sundaresan
Partner



Place: Bangalore
Date: May 16, 2014

For and on behalf of the Board of Directors

Sammit Ghosh
Samit Ghosh
Managing Director

Suhasini Ashok
Suhasini Ashok
Company Secretary



Sunil Patel
Sunil Patel
Director

Sudha Suresh
Sudha Suresh
Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2014



(Amount in Rs.)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Net Profit as per Statement of Profit & Loss	838,408,150	491,537,555
Adjustments for		
Depreciation and amortisation expenses	31,467,170	25,216,963
Profit on Sale of investment	(29,504,843)	(11,396,577)
Dividend on Mutual Funds		(11,938,976)
Bad debts written off	(8,921,787)	(66,843,758)
Provision for Receivables under Financing Activities	81,379,233	63,293,869
Provision for advances	2,448,312	2,113,445
Advances written off	152,820	-
Fixed assets written off	52,203	1,415,821
Interest on fixed deposits	(34,458,567)	(32,182,502)
Loss /(Profit) on sale of Fixed Assets	4,871,664	459,363
Operating Profit before Working capital changes	885,894,355	461,675,203
Changes in working capital:		
(Increase) / Decrease in Receivables under Financing Activity	(4,402,182,586)	(2,562,385,247)
(Increase) / Decrease in Loans and advances	(64,947,449)	(44,548,802)
(Increase) / Decrease in Other Current assets	(546,789,144)	(1,811,725,670)
(Increase) / Decrease in Trade payables	2,600,429	7,070,197
Increase / (Decrease) in Other current liabilities	43,954,098	(8,880,630)
Increase / (Decrease) in Short-term provisions	68,077,272	(5,316,067)
(Increase) / Decrease in Long-term provisions	(61,101,600)	14,205,594
Cash flow from operations	(4,074,494,625)	(3,949,905,422)
Tax paid	(313,696,349)	(144,721,529)
Net Cash from operating activities (A)	(4,388,190,974)	(4,094,626,951)
Cash flows from Investing activities		
Investments in shares	(10,000)	-
Purchase of investments	(7,874,609,992)	(7,542,572,172)
Sale of investments	7,904,114,835	7,565,907,724
Purchase of Fixed Assets	(53,193,429)	(28,518,480)
Sale of Fixed Assets	940,279	874,824
Interest on fixed deposits	34,458,567	32,182,502
Net Cash from investing activities (B)	11,700,260	27,874,398
Cash flows from financing activities		
Proceeds from issue of share capital & securities premium (net)		466,701,957
Dividend and Dividend Tax Paid	(19,239,665)	-
Borrowings from banks / others	13,601,774,170	7,160,017,276
Repayment of Borrowings from banks / others	(7,076,766,093)	(3,357,831,634)
Net Cash from financing activities (C)	6,505,768,412	4,268,887,599

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	2,129,277,698	202,135,046
Balance of cash - Opening	1,732,759,927	1,530,624,881
Balance of cash - Closing	3,862,037,625	1,732,759,927

Notes:

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 Cash Flow Statements'.
2. Cash & cash equivalents at year end includes Rs.19,341,941/- (P.Y.Rs.431,014/-) in balance with banks, which is used only for repayment of security deposit of customer.
3. Refer note 16 for items included in cash & cash equivalents.

For Deloitte Haskins & Sells

Chartered Accountants

S. Sundaresan
S Sundaresan
Partner



Place: Bangalore
Date: May 16, 2014

For and on behalf of the Board of Directors

Samit Ghosh
Samit Ghosh
Managing Director

Suhasini Ashok
Suhasini Ashok
Company Secretary



Sunil Patel
Sunil Patel
Director

Sudha Suresh
Sudha Suresh
Chief Financial Officer

Notes to Financial Statements for the year ended March 31, 2014

1 Corporate information

Ujjivan Financial Services Private Limited is a Private Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Ujjivan is a Microfinance institution serving the economically active poor in urban and semi-urban areas. Ujjivan holds a valid certificate of registration dated October 31, 2005 issued by the Reserve Bank of India. The Company has received registration as NBFC-MFI under Non-Banking Financial Company Micro Finance Institutions (NBFC - MFIs) directions on September 5th 2013. Ujjivan has its headquarters in Bangalore with regional offices in New Delhi, Kolkata and Pune. It has 350 branches in 22 states and Union Territories across India as on March 31, 2014.

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). To comply with accounting standard notified under section 211 (3C) of the companies Act, 1956 ('The 1956 Act') (Which continue to be applicable in respect of section 133 of Companies Act, 2013 ('The 2013 Act') in terms of general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs and the relevant provisions of 1956 Act/2013 Act, as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The financial statements have been prepared on an accrual basis under the historical cost convention and considering 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 GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the year. The management believes that the estimate used in preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/material.

3. Cash Flow Statement

The Cash Flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard 3. The cash flow from operating, investing and financing activities of the company are segregated based on available information.

Cash and cash equivalents (for the purpose of cash flow statement):

Cash comprises cash on hand and demand deposit with bank. Cash equivalents are short term balances (with an obligation maturity of three month or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4. Tangible and intangible assets

Fixed assets are stated at cost, net of accumulated depreciation. The cost of an asset comprises its purchase price (net of capital grants) and any cost directly attributable to bringing the asset to its working condition and location for its intended use.

5. Depreciation and amortization

Depreciation on tangible 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, computer software is amortized over the lower of license period or 6 years. The estimated useful life of intangible assets and the amortization period are recognised at the end of each financial year and the amortization method is revised to reflect the changed pattern.

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 or fair value. Long term investments are carried at cost less provision made to recognize any decline, other than temporary, in the value of such investments.

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, Home Improvement Loan and Business Growth Loan. Loans are classified into 'Performing and Non-Performing' assets in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 and NBFC, MFI directions (as applicable) 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 recognized 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.

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

9. Grants

Grants received towards acquisition of tangible and intangible 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

Employee benefits includes provident fund, employee state insurance scheme, gratuity fund, compensated absences.

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, Pension fund and employee state insurance scheme are recognized in the Statement of Profit and Loss based on amount of contribution required to be made and when services are rendered by the employees.

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 balance sheet date. Provision for liabilities pending remittance to the fund is carried in the Balance Sheet.

d) Long term employee benefits

Liability for compensated absences is provided based on actuarial valuation carried out at the end of the financial period using Projected Unit Credit Method and is not funded. Past service cost is recognized immediately to the extent that the benefits are already used and otherwise is amortised on straight line base over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefits obligation as adjusted for unrecognised past service cost, as redeemed by the fair value of scheme assets.

Compensated absences which are not expected to occur within 12 months after the end of period in which the employee rendered the related services are recognised as a liability at the present value of the defined benefit obligations as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense in the period in which they occur. 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

Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

Assets leased by the company in its capacity as a lessee, which substantially all the risk and rewards of ownership vest in the company are classified as finance leases. Lease arrangements where risk and rewards incidental to ownership of an asset substantially with the lesser are recognised as operating leases.

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 year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be diluted only if their conversion to equity share would decrease the net profit per share from continuing ordinary operations. Diluted potential equity share are determined independently for the each period presented.

13. Borrowing costs

Borrowing costs attributable to qualifying assets (assets which require substantial period of time to get ready for their intended use) are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

14. 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 determined in accordance with Income Tax Act, 1961. 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 are recognised for timing differences of terms other than unabsorbed depreciations and carried forward loss only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which this can be realised. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets and liabilities are offset if such claims related to tax on income levied by the same governing tax laws and the company as legally enforceable rights for such setoff. Deferred tax assets are revised at each balance sheet date for their reasonability. 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.

15. 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.

16. 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.

17. Operating Cycle

Based on the nature of activities of the company and normal time between acquisition of assets their realisation of cash and cash equivalent, the company has determined operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current.



Particulars	As at March 31, 2014	As at March 31, 2013
Authorised		
75,000,000 Equity Shares of Rs.10/- each	750,000,000	750,000,000
(P.Y.75,000,000 Equity Shares of Rs.10/- each)		
	750,000,000	750,000,000
Issued		
65,581,363 Equity Shares of Rs.10/- each	655,813,630	655,813,630
(P.Y.65,581,363 Equity Shares of Rs.10/- each)		
	655,813,630	655,813,630
Subscribed & fully Paid up		
65,581,363 Equity Shares of Rs.10/- each	655,813,630	655,813,630
(P.Y.65,581,363 Equity Shares of Rs.10/- each)		
Total	655,813,630	655,813,630

i) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the Year:

	Number of shares March 31, 2014	Number of shares March 31, 2013
Number of shares outstanding at the beginning of the year	65,581,363	57,286,626
Add: Additional shares issued during the year	-	8,294,737
Number of shares outstanding at the end of the year	65,581,363	65,581,363

ii) Reconciliation of equity share capital outstanding at the beginning and at the end of the Year:

	Amount in Rs. March 31, 2014	Amount in Rs. March 31, 2013
Share capital outstanding at the beginning of the year	655,813,630	572,866,260
Add: Share capital issued during the year	-	82,947,370
Share capital outstanding at the end of the year	655,813,630	655,813,630

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, 2014	Number of shares as at March 31, 2013
Equity Shares:		
Sequoia Capital India Investments III	9,529,376	9,529,376
International Finance Corporation	7,894,737	7,894,737
WCP Holdings III	7,017,544	7,017,544
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	6,120,000	6,120,000
India Financial Inclusion Fund	5,896,182	5,896,182
Lok Capital II LLC	5,870,426	5,870,426
Elevar Equity Mauritius	5,535,732	5,535,732
Mauritius Unitus Corporation	4,869,476	4,869,476
WWB ISIS Fund Limited Partnership	4,290,610	4,290,610

iv) The company has only one class of equity shares with voting rights (one vote per share). The distribution of dividend is in proportion to the number of equity shares held by the shareholders.



Particulars	As at March 31, 2014	As at March 31, 2013
a. Securities Premium Account		
Opening Balance	2,083,988,099	1,700,233,512
Add : Premium on shares issued during the year	-	389,852,639
Less : Utilised during the year for		
Writing off shares issue expenses	-	6,098,052
Closing Balance	2,083,988,099	2,083,988,099
b. Other Reserves - Statutory Reserve *		
Opening Balance	113,231,411	45,526,548
Add: Additions during the year	110,075,002	67,704,863
Less: Utilised during the year	-	-
Closing Balance	223,306,413	113,231,411
c. Other Reserves - Employee Loan Grant	1,300,000	1,300,000
d. Surplus in Statement of Profit and Loss		
Opening balance	359,036,185	107,398,462
Add: Profit for the year	550,375,011	338,524,315
Less: Dividends proposed to be distributed	32,790,682	16,395,341
Less: Tax on proposed Dividend	5,572,776	2,786,388
Less: Tax on Dividend of earlier year	108,986	-
Less: Transferred to statutory reserve	110,075,002	67,704,863
Closing Balance	760,863,750	359,036,185
Total	3,069,458,262	2,557,555,695

* Transfer of 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.



Particulars	As at March 31, 2014	As at March 31, 2013
(a) Non Convertible Debentures		
Secured		
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 and Note 9 (i) (a))	-	230,000,000
40 (PY. Nil) 12.75% Secured Redeemable Non Convertible Debentures of Rs.10,000,000/- each redeemable at par at the end of 3 years from the date of allotment July 31, 2013 (Refer Note (i) below)	400,000,000	-
330 (PY. Nil) 12.75% 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 August 30, 2013 (Refer Note (i) below)	330,000,000	-
	730,000,000	230,000,000
(b) Term loans		
Secured		
from Banks (Refer Note (ii) below)	4,294,939,597	3,159,734,040
from other parties (Refer Note (ii) below)	591,531,680	445,023,060
	4,886,471,277	3,604,757,100
Unsecured		
from other parties (Refer Note (ii) below)	35,000,000	-
	35,000,000	-
	4,921,471,277	3,604,757,100
Total	5,651,471,277	3,834,757,100

i) Debentures are secured by hypothecation of book debts.



Notes forming part of financial statements

(ii) Nature of security and terms of repayment for borrowings including current maturities:

Secured

Terms of Repayment and Interest			Amount Outstanding (Rs.) March 31, 2014	
Rate of Interest	Maturity	Instalments	Current	Non Current
Repayable in Monthly Instalments				
Base Rate + 1.25%	< 1 Year	27	213,043,478	
Base Rate + 1.40%	< 1 Year 2 Year	21 15	241,666,667	173,333,333
Base Rate + 1.50%	< 1 Year	36	285,714,286	
Base Rate + 1.55%	< 1 Year 2 Year	12 2	75,000,000	12,500,000
Base Rate + 1.65%	< 1 Year 2 Year	12 11	75,000,000	68,750,000
Base Rate + 1.75%	< 1 Year 2 Year	36 33	375,000,000	333,333,333
Base Rate + 1.85%	< 1 Year 2 Year	12 7	250,000,000	145,833,333
Base Rate + 1.9%	< 1 Year 2 Year	12 12	75,000,000	75,000,000
Base Rate + 2%	< 1 Year 2 Year	11 12	149,456,522	163,043,478
Base Rate + 2.05%	< 1 Year 2 Year	12 9	100,000,000	75,000,000
Base Rate + 2.2%	< 1 Year	5	49,922,668	
Base Rate + 2.25%	< 1 Year 2 Year 3 Year	104 62 3	1,637,216,667	765,166,666 22,500,000
Base Rate + 2.30%	< 1 Year 2 Year	12 1	100,000,000	8,333,333
Base Rate + 2.50%	< 1 Year 2 Year	53 41	478,066,666	365,683,346
Base Rate + 2.70%	< 1 Year 2 Year	12 12	100,000,000	100,000,000
Base Rate + 2.80%	< 1 Year 2 Year	12 8	244,192,095	180,796,110
Base Rate + 2.85%	< 1 Year	17	187,343,704	
Base Rate + 3%	< 1 Year 2 Year	23 5	412,666,667	94,000,000
Base Rate + 3.25%	< 1 Year	11	77,770,888	
Repayable in Quarterly Instalments				
Base Rate + 1.25%	< 1 Year	4	100,000,000	
Base Rate + 1.60%	< 1 Year	3	235,714,286	
Base Rate + 1.75%	< 1 Year 2 Year	20 9	1,584,999,814	510,000,000



Terms of Repayment and Interest			Amount Outstanding (Rs.) Mar 31, 2014	
Rate of Interest	Maturity	Instalments	Current	Non Current
Repayable in Quarterly Instalments				
Base Rate + 2.00%	< 1 Year	8	258,600,000	
	2 Year	3		93,750,000
Base Rate + 2.10%	< 1 Year	15	307,857,143	
	2 Year	6		132,500,000
Base Rate + 2.25%	< 1 Year	16	309,903,793	
	2 Year	2		62,500,000
Base Rate + 2.30%	< 1 Year	4	125,000,000	
	2 Year	4		125,000,000
Base Rate + 2.50%	< 1 Year	9	305,000,000	
	2 Year	8		185,000,000
	3 Year	4		60,000,000
Base Rate + 2.60%	< 1 Year	8	112,500,000	
Base Rate + 2.70%	< 1 Year	4	83,333,333	
	2 Year	4		83,333,333
	3 Year	4		83,333,333
Base Rate + 2.75%	< 1 Year	4	39,988,353	
	2 Year	2		20,000,000
Base Rate + 2.8%	< 1 Year	12	375,000,000	
	2 Year	11		356,250,000
Repayable in Bullet				
Base Rate + 1.75%	< 1 Year	1	300,000,000	
Base Rate + 2.5%	< 1 Year	1	250,000,000	
Total			9,514,957,030	4,294,939,597

Terms of Repayment and Interest			Amount Outstanding (Rs.) March 31, 2014	
Rate of Interest	Maturity	Instalments	Current	Non Current
Borrowings from Others				
Repayable in Monthly Instalments				
Coupon Rate	< 1 Year	60	913,931,380	
	2 Year	32		477,138,120
	3 Year	8		114,393,560
Total			913,931,380	591,531,680

Unsecured

Borrowings from Others				
Repayable in Monthly Instalments				
Coupon Rate	2 Year			
		6		35,000,000
Total			-	35,000,000
NCD				
Repayable in Bullet				
Coupon Rate	< 1 Year	2	400,000,000	
	2 Year	1		330,000,000
	3 Year	1		400,000,000
Total			400,000,000	730,000,000



Notes forming part of financial statements

(ii) Nature of Security and terms of repayment for borrowings including current maturities :


Secured

Terms of Repayment and Interest			Amount Outstanding (Rs.) March 31, 2013	
Rate of Interest	Maturity	Instalments	Current	Non Current
Borrowings From Banks				
Repayable in Monthly Instalments				
Base Rate + 1.25%	< 1 Year	12	50,000,000	
	1-2 Years	12		50,000,000
Base Rate + 1.50%	< 1 Year	24	260,869,565	
	1-2 Years	15		163,043,478
Base Rate + 1.55%	< 1 Year	10	62,500,000	
	1-2 Years	12		75,000,000
	2-3 Years	2		12,500,000
Base Rate + 1.75%	< 1 Year	27	214,285,714	
	1-2 Years	36		285 714 286
Base Rate + 2.25%	< 1 Year	29	427,972,527	
	1-2 Years	36		559,523,810
	2-3 Years	17		129,166,667
Base Rate + 2.30%	< 1 Year	11	91,663,000	
	1-2 Years	12		99,996,000
	2-3 Years	1		8,341,000
Base Rate + 2.35%	< 1 Year	11	82,500,000	
Base Rate + 2.50%	< 1 Year	12	100,000,000	
	1-2 Years	8		66,666,667
Base Rate + 3.10%	< 1 Year	24	243,381,682	
	1-2 Years	17		187,343,974
Base Rate + 3.25%	< 1 Year	32	272,116,000	
	1-2 Years	11		77,767,000
Base Rate + 3.50%	< 1 Year	4	22,845,000	
Base Rate + 4.75%	< 1 Year	12	120,000,000	
	1-2 Years	5		50,000,000
Base Rate + 4.00%	< 1 Year	2	14,283,185	
Repayable in Quarterly Instalments				
Base Rate + 0.75%	< 1 Year	4	100,000,000	
	1-2 Years	4		100,000,000
Base Rate + 1.25%	< 1 Year	4	314,285,714	
	1-2 Years	3		235,714,286
Base Rate + 1.60%	< 1 Year	4	57,142,857	
	1-2 Years	3		42,856,872
Base Rate + 1.75%	< 1 Year	7	325,000,000	
	1-2 Years	8		350,000,000
	2-3 Years	1		25,000,000
Base Rate + 1.90%	< 1 Year	4	300,000,000	
Base Rate + 2.00%	< 1 Year	8	233,200,000	
	1-2 Years	4		133,600,000
Base Rate + 2.50%	< 1 Year	9	400,000,000	
	1-2 Years	3		150,000,000
Base Rate + 2.75%	< 1 Year	7	130,000,000	
	1-2 Years	4		40,000,000
	2-3 years	2		20,000,000
Base Rate + 3.00%	< 1 Year	12	185,000,000	-
	1-2 Years	12		185,000,000

Notes forming part of financial statements

Terms of Repayment and Interest			Amount Outstanding (Rs.) March 31, 2013	
Rate of Interest	Maturity	Instalments	Current	Non Current
Repayable in Quarterly Instalments				
Base Rate + 3.35%	< 1 Year	16	225,000,000	-
	1-2 Years	8		112,500,000
Base Rate + 3.50%	< 1 Year	3	60,000,000	-
Repayable in Bullet				
Base Rate + 2.85%	< 1 Year	1	250,000,000	
Total			4,542,045,244	3,159,734,040
Borrowings from Others				
Repayable in Monthly Instalments				
Coupon Rate	< 1 year	58	547,806,160	
	1-2 Years	49		367,271,380
	2-3 Years	22		74,398,120
	3-4 Years	5		3,353,560
Total			547,806,160	445,023,060
Repayable in Bullet				
Coupon Rate	< 1 year	3	1,010,000,000	
	1-2 Years	1		230,000,000
Total			1,010,000,000	230,000,000

Notes forming part of financial statements
Note 6 - Long term Provisions
(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Provision - Others		
(i) Provision for receivables under financing activity		
Provision for standard assets (Refer Note 25.5)	22,866,992	11,498,725
Provision for non performing assets (Refer Note 25.5)	96,644	109,065
Total	22,963,636	11,607,790

Note 7 - Short-term Borrowings
(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Cash Credit from Banks (refer Note (i) below)	19,274,168	40,017,277
Total	19,274,168	40,017,277

Note: i) Cash credit from banks are secured by hypothecation of book debts

Note 8 - Trade Payables
(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade payables (Refer note 25.4)	50,585,501	47,985,072
Total	50,585,501	47,985,072



Notes forming part of financial statements
Note 9-Other current liabilities
(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Current maturities of non convertible debentures (Refer Note (i) below)	400,000,000	1,010,000,000
(b) Provision for gratuity (net) (Refer Note 26.1)	14,726,517	17,622,484
(c) Current maturities of long-term debt (Refer Note (i) below)	10,428,888,410	5,089,851,404
(d) Interest accrued but not due on borrowings	98,930,433	78,332,275
(e) Other payables		
(i) Statutory remittances	16,398,443	21,244,533
(ii) Security deposits from customers	18,886,027	12,175,547
(iii) Unclaimed security deposits from customers	19,314,948	19,722,006
(iv) Deposit from vendors	125,000	125,000
(v) Other payables	86,002,982	61,208,407
Total	11,083,272,760	6,310,281,656

Note (i): Current maturities of long term debts		
Particulars	As at March 31, 2014	As at March 31, 2013
(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 365 days from the date of allotment December 31, 2012.	-	400,000,000
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	-	320,000,000
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.	-	290,000,000
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 5 (a))	230,000,000	-
170 debentures, 12.75% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 1 year from the date of allotment August 30, 2013	170,000,000	-
Total	400,000,000	1,010,000,000
(b) Term loans (Refer Note 5 (ii))		
From banks		
Secured	9,514,957,030	4,542,045,244
From other parties		
Secured	913,931,380	547,806,160
Total	10,428,888,410	5,089,851,404

*Debentures are secured by hypothecation of book debts.



Notes forming part of financial statements
Note 10 - Short term provision

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Provision for employee benefits		
(i) Compensated absences	34,437,986	27,462,311
(b) Provision - Others		
(i) Provision for tax (net of advance tax Rs.471,273,208/- (as at March 31, 2013 Rs.263,780,927/-)	22,560,642	19,930,704
(ii) Fringe Benefit Tax payable (net of advance FBT)	-	162,523
(iii) Provision for proposed equity dividend	32,790,682	16,395,341
(iv) Provision for Tax on proposed equity dividend	5,623,826	2,786,388
(v) Provision for receivables under financing activity		
Provision for standard assets (Refer Note 25.5)	129,254,778	76,794,962
Provision for non performing assets (Refer Note 25.5)	9,508,378	866,595
Total	234,176,292	144,398,824



Notes forming part of financial statements

Note 11 - Fixed assets

(Amount in Rs.)

	Fixed Assets	Gross Block			Accumulated Depreciation & amortisation				Net Block	
		Balance as at April 1, 2013	Additions	Disposals	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation / amortisation expense for the year	On disposals	Balance as at March 31, 2014	Balance as at March 31, 2013
A	Tangible Assets									
	Computers	61,635,101 *	14,916,555	321,586	76,230,070	31,402,198	10,891,992	199,920	34,135,800	30,232,903
		(59,700,355) *	(2,663,543)	(728,797)	(61,635,101)	(22,269,010)	(9,701,354)	(568,166)	(30,232,903)	
	Leasehold improvements	32,017,635	10,706,668	5,721,657	37,002,646	20,373,277	5,359,157	2,944,441	14,214,652	11,644,358
		(32,061,885)	(4,104,444)	(4,148,694)	(32,017,635)	(19,131,843)	(4,526,984)	(3,285,550)	(11,644,358)	
	Furniture and Fixtures	29,379,168	8,500,297	750,354	37,129,111	15,477,281	4,767,057	418,051	17,302,824	13,901,887
		(24,744,454)	(5,787,594)	(1,152,880)	(29,379,168)	(13,293,414)	(2,897,581)	(713,714)	(13,901,887)	
	Vehicles	2,432,228 *	-	16,721	2,415,507	798,770	210,496	16,721	1,422,962	1,633,458
		(2,326,693) *	(493,565)	(388,030)	(2,432,228)	(864,702)	(205,018)	(270,950)	(1,633,458)	
	Office equipments	33,312,943 *	11,403,669	3,542,940	41,173,672	7,938,464	3,139,350	909,979	31,005,837	25,374,479
		(30,718,258) *	(4,556,467)	(1,961,782)	(33,312,943)	(6,669,720)	(2,060,539)	(791,795)	(25,374,479)	
	Total (A)	158,777,075	45,527,189	10,353,258	193,951,006	75,989,990	24,368,052	4,489,112	98,082,075	82,787,085
	Previous Year	(149,551,645)	(17,605,613)	(8,380,183)	(158,777,075)	(62,228,689)	(19,391,476)	(5,630,175)	(82,787,085)	
B	Intangible Assets									
	Computer software	45,548,101	7,676,280	-	53,224,381	16,955,930	7,099,118	-	29,169,333	28,592,170
		(35,377,987)	(10,170,114)	-	(45,548,101)	(11,130,444)	(5,825,487)	-	(28,592,170)	
	Total (B)	45,548,101	7,676,280	-	53,224,381	16,955,930	7,099,118	-	29,169,333	28,592,170
	Previous Year	(35,377,987)	(10,170,114)	-	(45,548,101)	(11,130,444)	(5,825,487)	-	(28,592,170)	
	Total (A) + (B)	204,325,176	53,203,469	10,353,258	247,175,387	92,945,920	31,467,170	4,489,112	127,251,408	111,379,255
	Previous Year	(184,929,632)	(27,775,727)	(8,380,183)	(204,325,176)	(73,359,133)	(25,216,963)	(5,630,175)	(111,379,255)	

1. * Net of grants received for purchase of computers Rs.1,550,000/- (PY - Rs. 1,550,000/-), Vehicles Rs.887,720/- (PY -Rs. 887,720/-) and Office equipments Rs.74,290/- (PY -Rs.74,290/-)

2. All the tangible assets/ intangible assets are owned by the Company and are not on lease

3. Amounts within brackets represent previous year's figures.



Notes forming part of financial statements

Note 12 - Non-current investments

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade Investments, at cost (Not quoted)		
Investment in equity instruments		
Alpha Micro Finance Consultants Pvt Ltd, 100,000 Equity shares (PY.100,000) of Rs.10/- each fully paid up	1,000,000	1,000,000
Ujjivan Social Services Foundation		
1,000 Equity shares (PY. Nil) of Rs.10/- each at cost fully paid up	10,000	-
Total	1,010,000	1,000,000
Aggregate amount of unquoted investments	1,010,000	1,000,000

Note 13-Long term loans and advances

(Unsecured, Considered good unless otherwise stated)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Capital advances	732,713	742,753
(b) Security Deposits	46,861,889	29,315,177
(c) Loans and advances to employees	3,486,011	2,984,701
(d) Prepaid expenses - Unsecured	50,073	182,607
Total	51,130,686	33,225,238

Note 14 -Other non current assets

(Unsecured, considered good unless otherwise stated)

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Receivable under financing activity (long-term) unsecured (Refer Note 25.5)		
Considered good	2,296,363,583	1,785,813,794
Considered doubtful	178,394	205,099
(b) Non current portion of unamortised expenses	-	19,235,532
(c) Interest accrued on long term deposits	3,200,858	7,827,274
(d) Term deposits (more than 12 months maturity) *	83,262,500	90,915,716
Total	2,383,005,335	1,903,997,415

* Under lien against loans availed by the Company.



Note 15 - Trade receivables under financing activity

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured		
Outstanding for a period less than six months from the date they are due for payment (Refer Note 25.5)		
Considered good	13,864,475,516	9,460,193,126
Considered doubtful	7,057,544	6,622,800
	13,871,533,060	9,466,815,926
Unsecured		
Outstanding for a period exceeding six months from the date they are due for payment (Refer Note 25.5)		
Considered good	-	-
Considered doubtful	4,604,301	7,138,849
	4,604,301	7,138,849
Total	13,876,137,361	9,473,954,775

Note 16-Cash and Bank balances

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
I. Cash & Cash equivalents		
a) Cash in Hand	3,060,648	2,916,026
b) Cheques, drafts on hand	36,894	42,458
c) Balances with Banks		
(i) In Current account	1,113,040,083	479,801,443
(ii) In deposit accounts with original maturity less than 3 months	2,745,900,000	1,250,000,000
	3,862,037,625	1,732,759,927
II. Other bank balances		
(i) In earmarked deposits (Refer Note i below)	82,507,016	53,464,284
	82,507,016	53,464,284
Total	3,944,544,641	1,786,224,211

Note (i): Under lien against loans availed by the Company.



Notes forming part of financial statements

Note 17-Short-term loans and advances

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Deposits - Unsecured, considered good	147,255	133,029
(b) Loans and advances to employees		
Unsecured, considered good	16,273,203	11,284,525
Unsecured, considered doubtful	974,831	2,100,353
	17,248,034	13,384,878
Less: Provision for doubtful loans and advances	974,831	2,100,353
	16,273,203	11,284,525
(c) Prepaid expenses	12,955,454	7,875,159
(d) Other advances *		
Unsecured, considered good	76,841,123	42,493,493
Unsecured, considered doubtful	4,537,773	3,263,840
	81,378,896	45,757,333
Less: Provision for doubtful loans and advances	4,537,773	3,263,840
	76,841,123	42,493,493
Total	106,217,035	61,786,206

* includes insurance claim receivable and advance for expenses.

Note 18-Other current assets

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Current portion of unamortised expenses	-	30,779,719
(b) Interest accrued		
(i) Fixed deposit	17,816,280	7,901,072
(ii) Receivables under financing activity	211,485,006	141,746,768
(c) Accrued income	97,351	10,232,587
Total	229,398,637	190,660,146



Notes forming part of financial statements
Note 19-Income from Operations
(Amount in Rs.)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest on loans	3,254,491,428	2,066,345,895
Loan processing fee	224,400,957	158,618,257
Other financial services	-	224,657
Total	3,478,892,385	2,225,188,809

Note 20-Other Income
(Amount in Rs.)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest Income (Refer Note below)	34,510,871	32,294,065
Dividend income from current investments in mutual funds	-	11,938,976
Profit on sale of current investments	29,504,843	11,396,577
Fee income, other than financing activity	27,664,036	53,000,183
Miscellaneous income	6,055,137	5,467,104
Total	97,734,887	114,096,905

Note: Interest Income Disclosure

(Amount in Rs.)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest on fixed deposits	34,458,567	32,182,502
Interest on income tax refund	52,304	111,563
	34,510,871	32,294,065

Note 21-Employee benefits expense
(Amount in Rs.)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and wages (Net)	703,606,455	566,712,057
Contributions to provident and other funds (Refer Note 26.1)	49,091,232	45,856,390
Staff welfare expenses	60,540,083	45,065,395
Total	813,237,770	657,633,842



Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Electricity & water charges		10,328,975		9,904,680
Rent		60,510,767		51,301,453
Repairs & maintenance				
Buildings		2,194,642		1,054,700
Others		11,908,530		8,568,928
Security & house keeping expenses		18,471,012		16,578,667
Office maintenance		8,277,734		5,975,868
Insurance		3,160,779		2,420,549
Rates & taxes		8,107,422		4,966,647
Audit fees (Refer Note (i) below)		2,093,527		2,041,121
Professional charges		39,442,433		31,679,620
Sitting fee		615,844		504,720
Postage & courier		13,031,405		10,489,769
Printing & stationery		19,695,225		15,390,951
Recruitment expenses		3,276,017		705,354
Telephone charges		22,728,321		19,471,148
Training & conference charges		15,918,004		9,095,381
Travelling and conveyance expenses		90,475,033		74,212,866
Corporate social responsibility expenses		8,810,722		7,059,422
Miscellaneous expenses		15,473,285		10,540,154
Advances written off	2,452,721		3,675,079	-
Less: Provision Reversed	2,299,901	152,820	-	3,675,079
Fixed Assets Written off		52,203		1,415,821
Loss on sale of fixed assets (net)		4,871,664		459,363
Provision for other advances		2,448,312		2,113,445
Total		362,044,676		289,625,706

Note

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(i) Payments to the auditors comprises* (net of service tax input credit)				
Audit Services		1,500,000		1,200,000
Tax audit		300,000		300,000
Other attest services		100,000		400,000
Reimbursement of expenses		193,527		141,121
Total		2,093,527		2,041,121



Note 23- Finance Costs

(Amount in Rs.)

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
(a) Interest expense on				
(i) Borrowings		1,343,914,702		778,588,015
(ii) Others		296,981		39,200
(b) Loan processing fees, bank charges and other related costs		104,335,002		27,617,742
Total		1,448,546,685		806,244,957

Note 24 - Bad debts and Provision for receivables

(Amount in Rs.)

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
Bad debts written off	10,465,375		72,576,580	
Less: Provision Reversed	(8,921,787)	1,543,588	(66,843,758)	5,732,822
Provision for receivables under financing activities		81,379,233		63,293,869
Total		82,922,821		69,026,691



Note 25- Additional information to the financial statements**25.1 Contingent liabilities and commitments (to the extent not provided for)**

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Contingent liabilities		
(a) Disputed taxes – Service tax	4,226,041	562,000
(ii) Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible Assets	978,342	
Intangible Assets	-	

25.2 Earnings in foreign currency– Rs. Nil (PY. Nil)**25.3 Expenditure in foreign currency – Rs. Nil (PY. Rs. Nil)****25.4 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.

25.5 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 instalment is overdue for a period of ninety days or more or on which interest amount remained overdue for a period of ninety days or more is treated as Non performing assets.

The Company complies with the prudential norms of the Reserve Bank of India (RBI) with regard to income recognition, asset classification and provisioning. The company is following provisioning norms as recommended vide DNBS.CC.PD.No.250/03.10.01/2011-12 dated 2 December 2011, DNBS.PD/CC.No. 263/03.10.038/2011-12 dated 20 March 2012 and DNBS.(PD).CC. No. 347 /03.10.38/2013-14 dated 1 July 2013.

Accordingly, during the year, the Company in line with the guidelines laid down under the DNBS.(PD).CC. No. 347 /03.10.38/2013-14 dated 1 July 2013 has provided Rs.161,726,792/- being 1 % of the outstanding portfolio as at March 31, 2014. The disclosure made in the following table with respect to the asset classification and the provision is as per the RBI guidelines.

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

Classification of Assets	As at March 31, 2014	As at March 31, 2013
Standard assets	16,160,839,100	11,250,484,616
Sub-standard assets	4,470,435	9,459,324
Doubtful assets	7,369,804	29,728
Total	16,172,679,339	11,259,973,668
Note: 14 Non current-Receiveable under financing activity	2,296,541,978	1,786,018,893
Note-15 Current-Trade receivables under financing activity	13,871,533,060	9,466,815,926
Note-15 Current-Trade receivables under financing activity	4,604,301	7,138,849
Total	16,172,679,339	11,259,973,668



Provision	As at March 31, 2014	As at March 31, 2013
Standard assets	152,121,770	88,293,687
Sub-standard assets	2,235,218	945,932
Doubtful assets	7,369,804	29,728
Total	161,726,792	89,269,347
Note: 6 Long term -Provision for standard assets	22,866,992	11,498,725
Note: 6 Long term -Provision for non performing assets	96,644	109,065
Note: 10 Short term -Provision for standard assets	129,254,778	76,794,962
Note: 10 Short term -Provision for non performing assets	9,508,378	866,595
Total	161,726,792	89,269,347

25.6 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 Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Tier I Capital	3,626,482,136	3,143,287,357
Tier II Capital	152,121,770	28,126,212
Total	3,778,603,906	3,171,413,569
Total Risk Weighted Assets	16,624,693,434	11,627,631,592
Capital Ratios		
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	21.81%	27.03%
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	0.92%	0.24%
Total Capital (%)	22.73%	27.27%

(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, 2014

(iii) Maturity Pattern of Assets and Liabilities

Maturity pattern of certain items of assets and liabilities as on March 31, 2014

(Amount in Rs.)

Particulars	Liabilities		Assets	
	Borrowings from Banks and others	Market Borrowings	Advances	Investments
Up to one month	706,617,371	-	1,508,194,155	-
Over one month to 2 months	653,433,692	-	1,541,028,442	-
Over 2 months up to 3 months	1,487,184,431	-	1,504,241,538	-
Over 3 months up to 6 months	2,815,105,491	-	4,036,388,178	-
Over 6 months to 1 year	5,185,821,593	-	5,286,285,048	-
Over 1 year to 3 years	5,651,471,278	-	2,296,456,076	-
Over 3 years to 5 years	-	-	85,902	-
Over 5 years	-	-	-	1,010,000
Total	16,499,633,856	-	16,172,679,339	1,010,000

Notes:

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



25.7 Additional disclosure

Disclosure of frauds reported during the year vide DNBS PD.CC NO. 256 / 03.10.042 / 2012 -13 dated March 02, 2012

March 31, 2014

	Less than Rs. 1 lakh		Rs. 1 - 5 lakh		Rs. 5 - 25 lakh		Total	
	No. of Accounts	Value Rs.	No. of Accounts	Value Rs.	No. of Accounts	Value Rs.	No. of Accounts	Value Rs.
A) Person involved								
Staff	573	442,023					573	442,023
Customer								
Staff and customer								
Total	573	442,023	-	-	-	-	573	442,023
B) Type of fraud								
Misappropriation and criminal breach of trust	573	442,023					573	442,023
Fraudulent encashment / Manipulation of books of accounts								
Unauthorised credit facility extended								
Cheating and forgery								
Total	573	442,023	-	-	-	-	573	442,023

March 31, 2013

	Less than Rs. 1 lakh		Rs. 1 - 5 lakh		Rs. 5 - 25 lakh		Total	
	No. of Accounts	Value Rs.	No. of Accounts	Value Rs.	No. of Accounts	Value Rs.	No. of Accounts	Value Rs.
A) Person involved								
Staff	1,592	4,356,420					1,592	4,356,420
Customer	-	-	-	-	-	-	-	-
Staff and customer	-	-	-	-	-	-	-	-
Total	1,592	4,356,420	-	-	-	-	1,592	4,356,420
B) Type of fraud								
Misappropriation and criminal breach of trust	1,592	4,356,420	-	-	-	-	1,592	4,356,420
Fraudulent encashment / Manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and forgery	-	-	-	-	-	-	-	-
Total	1,592	4,356,420	-	-	-	-	1,592	4,356,420

Note:

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

25.8 Disclosure as required under DNBS (PD) CC. No. 300 / 03.10.038/2012-13 dated August 3, 2012.

Margin Cap of the Company as on 31 March 2014 is 10.8%. This has been computed as suggested by MFIN in their representation to The Reserve Bank of India dated August 29, 2012 (Subject reference : RBI/2012-13/161 ONBS (PO) CC.No.300 /03.10.038/2012-13. dated August 3, 2012).



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 Plan

During the Year, the Company has recognized the following amounts in the statement of profit and loss

(Amount in Rs.)

Particulars	For the year ended March 31, 2014	for the year ended March 31, 2013
Employers' Contribution to Provident & Pension Fund	34,364,715	28,233,906

II. Defined Benefit Plan

Contribution to Gratuity Fund:

Details of defined benefit plan of gratuity are given below:

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Components of employer expense		
Current Service cost	14,360,578	17,860,423
Interest cost	3,441,219	1,600,049
Expected return on plan assets	(2,023,547)	(1,301,321)
Actuarial Losses/(Gains)	(169,088)	(536,667)
Total expense/(income) recognized in the Statement of Profit & Loss	15,609,162	17,622,484
Actual Contribution and Benefit Payments for the Year ended		
Actual benefit payments	(2,231,507)	(750,866)
Actual Contributions	18,505,129	7,468,204
Net asset/(liability) recognized in balance sheet as at		
Fair value of plan assets	39,552,345	21,225,930
Present Value of Defined Benefit Obligation	(54,278,862)	(38,848,414)
Excess of plan assets over present value of obligation	-	-
Net (liability) recognized in balance sheet	(14,726,517)	(17,622,484)
Change in Defined Benefit Obligation (DBO) during the year ended		
Present Value of DBO at the beginning of the year	38,848,414	20,376,048
Current service cost	14,360,578	17,860,423
Interest cost	3,441,219	1,600,049
Actuarial (gains)/losses	(139,842)	(237,240)
Benefits paid	(2,231,507)	(750,866)
Present Value of DBO at the end of the year	54,278,862	38,848,414
Current Liability	5,983,457	4,169,401
Non current liability	48,295,405	34,679,013
Change in Fair Value of Assets during the year ended		
Plan assets at the beginning of the year	21,225,930	12,907,844
Expected return on plan assets	2,023,547	1,301,321
Actuarial gain/(loss)	29,246	299,427.00
Actual Company Contributions	18,505,129	7,468,204
Benefit Paid	(2,231,507)	(750,866)
Plan assets at the end of the year	39,552,345	21,225,930
Actuarial Assumptions		
Discount Rate	9.12%	8.00%
Expected Return on plan assets	8.00%	8.00%
Rate of increase in compensation	10.00%	10.00%
Attrition rate	17.24%	21.60%
Retirement age	60	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.

Information of investment details of plan assets are not available hence not disclosed



Notes forming part of financial statements

Note 26-Disclosures under Accounting Standards

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

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Defined Benefit Obligation at end of the year	54,278,862	38,848,414
Plan Assets at end of the year	39,552,345	21,225,930
Funded Status - Assets/ (Liabilities)	(14,726,517)	(17,622,484)
Experience Gain/(Loss) adjustments on plan liabilities	(340,486)	(340,486)
Experience Gain/(Loss) adjustments on plan Assets	29,246	299,427
Actuarial Gain/(Loss) due to change on assumptions	103,246	103,246

In absence of details relating to experience adjustment for the periods prior to March 12 and expected future cash flow the same are not furnished.

III Other long term employee benefits – Compensated absences

(Amount in Rs.)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Charge in statement of Profit & Loss	11,781,504	12,390,161
Liability as at the period end	34,437,986	27,462,311
Actuarial Assumptions		
Discount Rate	9.12%	8.00%
Expected Return on plan assets	0.00%	0.00%
Rate of increase in compensation	10.00%	10.00%
Attrition rate	17.24%	21.60%
Retirement age	60	60

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 Disclosure

A. List of related parties are given below:

Key management personnel

Mr. Samit Ghosh , Managing Director

Mrs. Sudha Suresh, Chief Financial Officer

Mrs. Suhasini Ashok, Company Secretary

Enterprises owned by relative of key management person

Parinaam Foundation

Ujjivan Social Services Foundation

B. Transactions with related parties during the year

(Amount in Rs.)

Particulars	Key Management Personnel	
	March 31, 2014	March 31, 2013
Remuneration:		
Mr. Samit Ghosh	5,078,149	4,457,895
Mrs. Sudha Suresh	3,627,972	-
Mrs. Suhasini Ashok	784,924	-
Outstanding Balance		
Due to Mr. Samit Ghosh	244,072	202,692
Due to Mrs. Sudha Suresh	182,592	-
Due to Mrs. Suhasini Ashok	9,284	-

2. Enterprises owned by relative of key management person

Particulars	March 31, 2014	March 31, 2013
A. Parinaam Foundation		
Amount received towards reimbursement of expenses and other services	6,245,502	4,850,847
B. Ujjivan Social Services Foundation		
Investment in shares	10,000	-



Note 26-Disclosures under Accounting Standards**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 60 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 period, in respect of operating leases, included under rent, aggregates to Rs.60,510,767/- (P.Y.Rs.51,301,453/-)

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

(Amount in Rs.)

Particulars	March 31, 2014	March 31, 2013
Not later than one year	32,241,672	10,710,109
Later than one year but not later than five years	77,286,668	9,019,272
Later than 5 years	-	-

26.5 Earnings per share

Particulars	As at March 31, 2014	As at March 31, 2013
Net profit / (loss) after tax (Rs.)	550,375,011	338,524,315
Weighted average shares outstanding – Basic (Nos.)	65,581,363	61,718,061
Weighted average shares outstanding – Diluted (Nos.)	69,719,450	66,153,086
Earnings / (loss) per share – Basic (Rs.)	8.39	5.49
Earnings / (loss) per share – Diluted (Rs.)	7.89	5.12

Other ratios are indicated below:

Particulars	As at March 31, 2014	As at March 31, 2013
Debt Service ratio	0.10	0.12
Interest Coverage ratio	1.62	1.63
Debt Equity Ratio	4.71	3.21

26.6 Deferred Tax

In accordance with Accounting Standard -22 'Accounting for Taxes on Income', the company has recognized Rs. 28,130,625/- (PY. Rs.7,986,790/-) as deferred tax credit as detailed below:

(Amount in Rupees)

Particulars	Deferred Tax (Assets) / Liabilities as on April 1, 2013	Current period (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2014
Difference between book and tax depreciation	7,300,464	(2,065,201)	5,235,263
Provision for Employee benefits	(15,324,322)	(1,386,693)	(16 711 015)
Provision for doubtful assets	(32,165,940)	(24,678,731)	(56,844,671)
Net Deferred Tax (Asset) / Liability	(40,189,798)	(28,130,625)	(68,320,423)



Notes forming part of financial statements

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	
	For the year ended March 31, 2014	For the year ended March 31, 2013
Options granted, beginning of year	4,435,025	3,081,470
Granted during the year	-	1,646,010
Exercised during the year	-	-
Forfeited/Expired during the year	296,937	292,455
Options granted, as of March 31, 2014	4,138,087	4,435,025
Option exercisable at the year end	1,841,097	1,106,664
Weighted average of remaining contractual life (years) at the year end	2	3

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, 2014 would have been lower by Rs. 14,418,327/- and the basic and diluted EPS would have been revised to Rs. 8.17/- and Rs. 7.69/- respectively.

Notes forming part of financial statements

Note 28-Securitisation of receivables under financing activities

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

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Income recognized in the statement of profit and loss during the year	Nil	224,657

Note 29 During the year based on internal study and approved by the board of directors, the company is revised its policy regarding term loan processing fee to charge off the entire expenses in the year the loan is taken instead of amortising over the loan period / term of loan, which are resulted in loan processing fee being higher by Rs. 60,506,360/- and profit for the year being lower by that amount.

Note 30 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



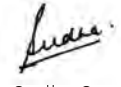
Place: Bangalore
Date: May 16, 2014


Samit Ghosh
Managing Director


Suhasini Ashok
Company Secretary




Sunil Patel
Director


Sudha Suresh
Chief Financial Officer

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	11300.00	NA
- Unsecured	Nil	NA
(other than falling within the meaning of public deposits)		
b) Deferred Credits	Nil	NA
c) Term Loans	153503.60	Nil
d) Inter corporate Loans and borrowing	Nil	NA
e) Commercial Paper	Nil	NA
f) Other loans (specify nature)	192.74	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		
a) Long term loans and advances	511.31	
b) Receivable from financing activities	161,726.79	
c) Short term loans and advances	1,062.17	
d) Other current assets	2,293.99	
e)Other non current assets	864.63	
(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
(b) Operating Lease		Nil
(ii) Stock on assets including hire charges under Sundry Debtors		
a) Assets on Hire		Nil
b) Repossessed Assets		Nil
(iii) Other loans counting towards AFC activities		
a) Loans where assets have been repossessed		Nil
b)Loans other than (a) above		Nil

(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.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	10.10	
b. Preference		
(ii) Debentures and bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others		

Particulars

(5) Borrower Group wise classification of assets financed as in (2) & (3) above

Please see note 2 below

Category	Amount Net of Provisions		
	Secured	Unsecured	Total
(i) 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	160,109.53	160,109.53
Total	Nil	160109.53	160,109.53

(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

Category	Market value/Breakup or fair value or NAV	Book Value (Net of Provisions)
(i) 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	10.10
Total	Nil	10.10

** As per accounting standard of ICAI (Please see note 3)

(7) Other information

Particulars	Amount
(i) Gross Non performing Assets	
a. Related parties	Nil
b. Other than related parties	118.40
(ii) Net Non performing Assets	
a. Related parties	Nil
b. Other than related parties	22.35
(iii) 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 classifiedas long term or current in (4) above.


For and on behalf of the Board of Directors


Samit Ghosh
Managing Director


Suhasini Ashok
Company Secretary




Sunil Patel
Director


Sudha Suresh
Chief Financial Officer

Place: Bangalore
Date: May 16, 2014

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. 0 3 5 3 2 9

State Code : 0 8

Balance Sheet Date 3 1 0 3 1 4

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

Public Issue : N I L
Bonus Issue : N I L

Right Issue : N I L
Private Placement : N I L

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

Total Liabilities : 2 0 7 8 7 0 1 5

Total Assets : 2 0 7 8 7 0 1 5

Source of Funds

Paid-up Capital : 6 5 5 8 1 4

Reserve and Surplus : 3 0 6 9 4 5 8

Secured Loan : 1 6 4 6 4 6 3 4

Unsecured Loans : 3 5 0 0 0

Application of Funds

Net Fixed Assets : 1 2 7 2 5 1
Net Current Assets : 1 7 6 1 7 1 5 1
Accumulated Losses : N I L

Investments : 1 0 1 0
Misc Expenditure : N I L

IV Performance of Company

Turnover : 3 4 7 8 8 9 2

Total Expenditure : 2 7 3 8 2 1 9

Profit (Loss) before Tax : 8 3 8 4 0 8

Profit (Loss) after tax : 5 5 0 3 7 5

Earnings per Share : 8 . 3 9

Dividend Rate : 0 . 5 0

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

Item Code No : N I L

Product Description M I C R O F I N A N C E


For and on behalf of the Board of Directors


Samit Ghosh
Managing Director


Suhasini Ashok
Company Secretary




Sunil Patel
Director


Sudha Suresh
Chief Financial Officer

Place: Bangalore
Date: May 16, 2014





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. We have also been classified as NBFC-MFI by RBI vide its approval in September 2013 in line with its Circular DNBS.CC.PD.No.250/03.10.01/2011-12 dated 2nd December 2011.

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.



Ujjivan Financial Services Pvt. Ltd.

Grape Garden, 3rd A Cross, 18th Main, 6th Block, Koramangala,
Bengaluru 560 095, Tel: +91 80 4071 2121, Fax: +91 80 4146 8700
www.ujjivan.com www.facebook.com/ujjivanmicrofin
CIN - U65999KA2004PTC035329



Our endeavour is to
create a society where
everyone has the right to

dream

Social Performance Report
2013 - 2014

2013 Financial Times
and Citi Ingenuity Awards
Asia-Pacific Winner

Enrolled 137,374
45,157 bank accounts opened
Diksha - Financial Literacy Program



3,426 beneficiaries
Urban Ultra Poor Program

119 children attending 8
of Bangalore's best schools
Academic Adoption Program

At Parinaam, we truly believe that every Indian deserves the right to dream. The right to dream of a better future, to believe that better days lie ahead.

At Parinaam, we try to create the circumstances that empower people to believe they can dream. We try to make each stumbling block for the urban poor, a stepping stone. We provide the urban poor with education, healthcare and vocational guidance.

The right to dream

Parinaam believes that multi-dimensional support for the entire family can help bring the urban poor out of the unseen alleys that they live in today. To become rightful inheritors of the cities they live in.

The right education and guidance can help ensure that the next generation at least, is equipped to reap the benefits that come with urbanisation. A lot of what Parinaam does is visible on the ground. But our real achievement, is the picture of the future taking form in the minds of those we work with.

Empower women through financial literacy training

Parinaam is leading the call to provide financial literacy education to India's poor. Such training is critical for these women to prosper. We've developed the Diksha Financial Literacy Program to teach women how to manage their incomes, debt and expenditures. We also coach them on how to save money safely. Of the 98,737 certified, we have opened 77% of the required bank accounts. Help us get to our target of reaching 1 million women with Diksha. Consider a donation and help Parinaam break their cycle of poverty.

Bank accounts

Our community worker, Siddiqua (left), helps beneficiaries fill out bank account applications. Most of these women are hesitant to enter a bank, because it is completely foreign to them. With time and patience, our field staff guide them on how to open a bank account, and how to conduct transactions.



Helping children achieve their academic potential

Parinaam's Academic Adoption Program is a unique opportunity to invest in a child's education and future. Sponsors commit to annual contributions to cover one student's school fees, uniforms and books. Children from families with absolutely no means receive the gift of access to a quality school. Be part of making a child's dream come true!



Yeshodha

Yeshodha, part of the Academic Adoption Program, stands with her sponsor, who has committed to supporting her education for 12 years.

Changing lives

one dream at a time



Contribute to a holistic initiative to support the urban poor

India's extremely poor live in isolated slums with no access to infrastructure or jobs. Globally, this population is referred to as "those living on under \$1.25 a day". This destitute group is even excluded from the latest initiatives to expand financial inclusion and eradicate poverty. The mission of Parinaam's Urban Ultra Poor Program is to empower the poorest of the poor socially and economically, one family at a time. By expanding this 12-month program, we can provide stability, hope and momentum.

Chand Bi

Completed a training course while she was part of Parinaam's Urban Ultra Poor Program, and now makes a fine living by tailoring from home.





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A tribute to Elaine Marie Ghosh, my mother



Parinaam was conceived in the belief that every person - man, woman and child - deserves equality alongside basic, fundamental rights. Every Indian woman should be able to walk into a bank and be provided quality service; she should be able to take her children to a specialized hospital instead of a government facility that might not have the practitioner or facilities her loved ones need; schools should provide her children with quality education and teach them how they can move ahead in life and possibly, rewrite destiny for their families. Every Indian deserves a home, with water, power and sanitation. But alongside, every Indian deserves an identity.

Since 2006 we have been experimenting, innovating and conducting a wide range of programs that empower our beneficiaries, help transform their lives. In 2013-14 we not only found our niche through programs like Diksha - Financial Literacy Program, Urban Ultra Poor Program, Academic Adoption Program and our Savings Initiative for Education but also expanded to make our efforts beneficial to more. This led to Parinaam being recognized as a leading and respected organization in the sector.

And if there is one person who can claim credit for all this, it is Elaine Marie Ghosh, my mother.

In one of my last conversations with my mother, the late Founder and Executive Director of Parinaam Foundation, she beckoned me to her hospital bed and gently suggested that it was time for me to take over the role of Executive Director for Parinaam. My response was boosted by the positive reports we were receiving from her doctors - I vehemently opposed her suggestion and told her that there was much more I needed to learn from her. Looking back today, I realise she knew she had to hand over the responsibility she had borne for years - being a mother not only to her family but for everyone that came into her life and required the nurturing and care only an Elaine can give.

This year Parinaam will not have a 'Letter From the Executive Director'. Our accomplishments are covered in the pages that follow. This is a tribute to a woman who accomplished, without seeking acknowledgement. As James Crabtree of the Financial Times wrote, "Too often it seems that those who rise to become leaders in their particular field end up cloaking their character in management jargon and platitudes; Elaine could hardly have been accused of this. She was what we journalists describe as a dream interview; open, honest, frank, blunt even but fearless and passionate about what she wanted to do".

After having travelled several paths (Banker, Mother, Premises Consultant, Restorer of antique furniture), my mother moved her family to Bangalore. While creating our beautiful dream home and while being associated with a number of construction projects, she worked closely with migrant laborers and was quick to realize their struggles and the hard life they lived. They were workers without an identity - not people, not Indians. Her interaction and experience inspired her to conceive Parinaam Foundation and provide a holistic approach to alleviate poverty.

She was a perfectionist - systematic, courageous and one who believed in 'tough love'. She was a patient listener for the less privileged, always ready with the right advice and approach; maybe not the easiest, but certainly the most ethical and

achievable. Her clear vision matched her strong, innate sense of integrity. Her standards and her beliefs, have changed the life of thousands and has made Parinaam what it is.

Despite the emptiness and vacuum the loss of my mother has left me with, I cannot help but feel excited by what the future holds for this nation. We have a new government and there is hope that the potential of India will be harnessed to provide what this nation needs - an impetus for change. Parinaam will continue to play its small but effective role in helping that change come about.

We will continue to work with partners that believe in our work and will take on opportunities to help families that do not have the privilege of basic rights. We will advance cautiously to ensure our beneficiaries have quality service and keep tight control of our financials to maximise their sustainable well-being.

We will continue to do this with the same motto Elaine Marie Ghosh lived and worked by: "You have to step into the shoes of the poor; you have to talk to them and ask them what they think they need".

Mallika Ghosh

Executive Director, Parinaam Foundation
June 27, 2014



Chairman's Statement



Parinaam's year began on a tragic note. We lost the heart and soul of our organisation. Elaine Ghosh not only founded Parinaam but she breathed into it her love for the under-privileged and her commitment to improving their lives. Her aim was to bring some light into the lives of the poor, urban women in Bangalore and around the country and their families; to give them a sense of dignity through education and health care; teach them the joy of undertaking the responsibility of properly utilising the loans they took and to give their children an opportunity to live a better life by giving them the opportunity of both primary and higher education.

Her client base were the women who qualified for micro-finance loans from Ujjivan Financial Services Pvt. Ltd. However, merely serving them did not satisfy her. She reached out to the Urban

Ultra-Poor, women who were too poor to even qualify for a micro-finance loan, and through education and providing employment opportunities, brought them up to a level where they could qualify for a micro-finance loan and start living a purposeful life. She never sought rewards or recognition but got them in plenty because of the innovative and effective programs that she implemented through Parinaam.

Her loss to us would have been fatal had it not been for her foresight in bringing in her daughter Mallika into the Parinaam organisation and training her in every aspect of the organisations functioning. Mallika was the Chief Operating Officer of Parinaam when Elaine passed away. Though her stepping into her mother's shoes must have been traumatic, emotionally and difficult, she has shouldered the responsibilities of the Chief Executive Officer

veryably and is doing a fine job, as the results do show.

The three main programs of Parinaam - the Urban Ultra-Poor, Diksha or Financial Literacy and the Children's Education programs not only continue but are growing from strength to strength.

On the 10th December 2013, Parinaam was named the Asia-Pacific winner for the 2013 Financial Times and Citi Ingenuity Awards. The Award was given for our Urban Ultra-Poor program and highlights Urban Ideas in Action. It was developed to recognise leaders, teams, organisations and community groups who have developed innovative solutions to urban challenges that benefit cities, citizens and urban communities. We are grateful to the Hong Kong and Shanghai Banking Corp and Mr. Ravindra Bahl for their continuing support to keep this program going. During the coming year we will be extending it to four new communities.

The Citi Foundation; the Michael and Susan Dell Foundation and Ujjivan Financial Services have enabled us to reach out to an ever increasing number of women in our Diksha Financial Literacy program. Though we started the first Diksha program less than 2 years ago, in August 2012, as of March, 2014 we have successfully enrolled over 130,000 Ujjivan customers in the Program, of which 81% have completed the entire program and been certified as Rupee Rani's. We have opened bank accounts for 45,157 customers. Our aim is to cover the one million customers of Ujjivan in the next few years and also reach out beyond Ujjivan's customer base. We are already in talks with various organizations that would like to conduct Diksha across their beneficiary base. In partnership with the Citi Foundation we hope to carry out a broad based study on the impact of financial literacy on the change in financial behaviour of low income beneficiaries.

We are piloting a unique 'Matched Savings Incentive Program' which integrates financial planning for education into the Diksha

training, whereby women set a savings goal and save a fixed amount each week towards payment for their children's Higher Education. Those women who adhere to their savings plan demonstrating positive financial behaviour, will be incentivized by Parinaam with a scholarship amount to help their children pursue Higher Education. Thanks to the generosity of Citi Foundation, Sequoia Capital and many generous individual donors we will be able to help 200 beneficiaries in the coming financial year.

96 children enrolled in the Academic Adoption Program have successfully been sponsored by kind hearted individuals and we have shortlisted 100 new children to be enrolled into good schools for the new Academic Year.

Elaine had always felt a great compassion for 'Sex Workers' and had often spoken about wanting to help either them or their children. Mallika has taken on this challenge and has met with several organizations regarding an education program designed for Sex Workers. They have shown a great interest in giving monetary aid for the education of the Sex Workers children as well as conducting financial literacy for the women. We hope to take up this work very shortly.

The Parinaam team needs special mention for their tireless and effective work in furthering our programs and putting life into Elaine's dreams and desires. While mother and daughter had several disagreements about how to take Parinaam forward, I am sure that Elaine must be smiling at the manner in which her girl is working towards fulfilling her dreams.

Sarosh J. Ghandy

Chairman, Parinaam Foundation

July 10, 2014



Asia-Pacific Winner: 2013 Financial Times and Citi Ingenuity Award



On the 10th of December, Parinaam Foundation was named the Asia-Pacific winner for the 2013 Financial Times and Citi Ingenuity Awards: for our Urban Ultra Poor Program. The Award highlights Urban Ideas in Action and was developed to recognise leaders, teams, organisations and community groups who have developed innovative solutions to urban challenges to benefit cities, citizens and urban communities. James Crabtree from the Financial Times wrote two beautiful articles in the Urban Ingenuity

special edition. Elaine and Mallika Ghosh attended a summit in Singapore, and Elaine's brother-in-law, Jal Daruwalla attended an Award Gala dinner in New York, where they spoke about Parinaam's Urban Ultra Poor Program. Elaine Ghosh was recognized by Citi as person of the month and also featured in additional articles in the Deccan Chronicle, Jaagore and Money Life. People from all over the world contacted and connected with us to hear more and help our cause. The Urban Ultra Poor Program was her brainchild. Never a woman to take the easy route, she made a decision to help the poorest of the poor, the people we all know exist but very few of us are able to help. In India, they are migrant laborers, street cleaners, garbage collectors, unemployed mothers with infants, or women whose husbands refuse to let them out of the house to work. She believed that helping them with only one intervention would not make the change. Her approach was unique and involved tackling issues holistically so as to help every person/single individual in a household. The Parinaam Team would like to thank The Financial Times and Citi for recognizing our Program. We have worked tirelessly since 2009

to understand what is required to make a "change". Every day brings us a new discovery on what more we can do and thanks largely to this prestigious award, we will now be able to support more and more families and hopefully play a part in ensuring that we no longer live in cities where people are forgotten.



Clipping from FT Urban Ingenuity

Parinaam's Urban Ultra Poor Program

We doubled in size, expanding to four new communities in Bangalore. This brought exciting opportunities, as we not only discovered a new section of the ultra poor, but also overcame challenges as we tried to establish ourselves in their communities. Our program constantly evolves based on the changing needs of our beneficiaries. Securing ID, address and age - proof for our beneficiaries took priority due to tightening regulations, admitting the children into school, graduating the women into Ujjivan and opening their bank accounts took priority. We finalized a new MIS and completed the arduous task of transferring all data. The new database allows us to conduct much more complicated and informative analysis.

UUPP was never about the numbers. We would rather make a substantial change for a few families, rather than do scattered work for many. The time and effort spent with each one of our beneficiaries is tremendous. While we do give practical help, our success lies in the stories of the families whose lives are changed and who have real hope for a better future.

The inherent instability of slums continues to challenge us at every turn. One community had to relocate after a dispute with the landlord, and luckily they were able to set up their homes in a nearby area and we were able to continue our work with them. Another area was not so lucky, and we had to shut down operations.

Despite all challenges, our faith in our work grows at every turn. Women who never dreamt of having a job now run their own businesses. Those who had no ID proof to prove their existence now own a PAN Card and are able to collect microfinance loans which are directly deposited into their bank accounts. They even have savings of their own. Their children, who ran around barefoot in dirty clothes last year, now wear neatly pressed uniforms and speak English at their new schools.

As we have grown, our infrastructure has become more refined, and we are running our program more efficiently. To date, we have worked with close to 800 families and almost 3,500 family members. The substantial growth was only possible by establishing processes for the various aspects of UUPP. Going into next year, we are expanding to six additional communities and enrolling 500 new families.

Funding

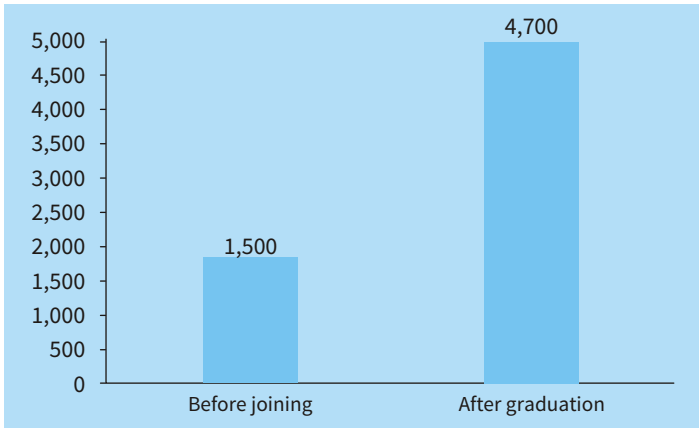
Despite the difficulties of sourcing donations for a holistic program vs. an isolated intervention we have been privileged to have like-minded organizations and people that understand the true long-term impact of the program for the families we serve. Hongkong and Shanghai Banking Corporation and many individual donors have come forward to help us sustain our program. Our deepest gratitude goes out to Ravindra Bahl, who has been our biggest supporter from the very beginning and continues to be so. A special thank you to Robert and Sarah Owen-Vandersluis who have generously supported two of our summer camps.

Achievements

Livelihood

Give a woman a stable job, and you give her independence. When a woman earns an income independent of her husband, enough to sustain her family, she realizes her economic power. No matter how many job interviews it takes, we find a sustainable livelihood for every woman who comes through our program. For women just starting in UUPP, the unemployment rate is nearly 30% and their average salary is Rs. 1,550. Among our graduates, the unemployment rate is only 10%, and their average salary is Rs. 4,700!

UUPP beneficiary income (Rs.)



Business

Anjamma joined UUPP in January, 2013. Initially unemployed, she had no desire to work. With counseling from Parinaam, Anjamma considered the idea of starting a petty shop, seeing that there was no such shop in the community. Parinaam gave her capital to start the shop, supervised and monitored her supplies and taught her how to budget and calculate her profits. One year later, Anjamma is supplying to everyone in her community and she has proved to be a trustworthy and apt businesswoman.

Vocational Training

Women from ultra poor communities often face restrictions, such as babies to look after, or a husband who does not allow them out of their community, and are forced to stay at home. Parinaam partnered with Madura Coats Private Ltd, to train our beneficiaries in various craft techniques. They underwent a rigorous training in their homes, and now they are graduating as skilled artisans! With this skill, they are eligible for a variety of jobs close to their house or even within their homes.



Healthcare

Over 300 beneficiaries along with their family members attended our health camps and were treated by specialized doctors that they never knew existed: general physicians, pediatricians, gynecologists, ENT, eye and dental specialists. We have conducted 585 medical interventions across eight communities in Bangalore.

Childcare

The children we enrol in school create a spark in their community. Other parents see the child wearing a neat uniform, speaking in clear English, and they want the same for their own kids. When they see the opportunities their children could have, it awakens dreams they never had before.

Our tuition centers, initially started as an after-school program to ensure mothers could work full-time, have become the most loved part of the program for our families. Over 200 children attend our centers, where they enjoy biscuits and juice, and have a chance to work on their schoolwork in a quiet place. Since 2011, 833 children have attended these centers.

Our 4th annual Summer Camp was hosted for 284 children of which 70% of the children attended full time, letting their mothers stay in formal employment. Sarah Owen-Vandersluis, who was competing in her first ever triathlon, rallied her friends and family by donating and raising funds for the Summer Camp. It was staggering and humbling to see the level of enthusiasm they showed for our work.

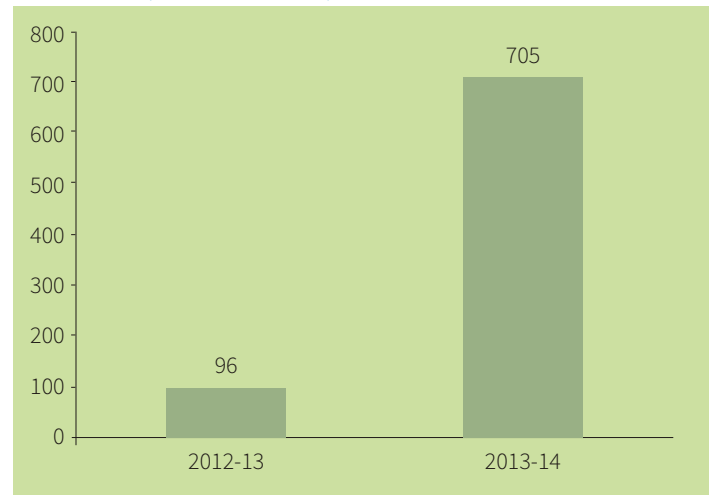
Social Services

Having a proper form of identity became more crucial as banks and MFIs tightened their KYC requirements, making it harder to open accounts or take a loan without proper ID and address proof. As we expanded our network of schools, we realized that barely any of the children could enrol in schools since they had no birth certificates. Our team worked tirelessly and managed to enable 705 KYC documents for our beneficiaries through PAN, Aadhaar cards, and birth certificates.

We acquired 79 Labour cards providing our families with a variety of benefits, such as hospitalization assistance, disability pension, and assistance for major health treatments. Labour work is one of the most common livelihoods among the ultra poor. Typically, they have no form of insurance in case of accidents, making this card extremely valuable at offering some protection for themselves and their families.

UUPP is tailored to individually serve the needs of every community. Residents in one area were collecting water from very far and their sources were unreliable. They were requesting drinking water from nearby apartments. We worked with the local MLA's office that kindly arranged for a water tank to be sent to the communities twice a week.

Cumulative ID proof and address proofs collected



Financial Services

We have proved beyond a shadow of a doubt that the ultra poor can save. It is a myth that they are only capable of living from week to week. Our beneficiaries have saved Rs. 643,000. Last year, we encouraged husbands to start saving and they have reached over Rs. 32,000. Our children also boast a total savings of Rs. 75,000 in their little Parinaam Piggy Banks.

Along with collecting savings, we work to open bank accounts once our beneficiaries save close to Rs. 1,000. This is a major milestone for them. It proves that they can not only save money, but they are also capable of accessing this basic financial service that so many of us take for granted. 279 of our beneficiaries have acquired bank accounts and now we are helping their husbands to open a bank account too.

The last step in UUPP is helping our beneficiaries get microfinance loans. Even if they choose not to apply for loans, we require that they are at least eligible. 296 beneficiaries have graduated from UUPP, and 187 have chosen to pursue microfinance. Armed with a bank account, ID cards, and a loan, they are now members of the bankable poor!



Helping Mallamma shape her future

Mallamma joined UUPP in January 2013. At the time, she was working as a full-time labourer with three children. She was just twelve years old when she married Siddappa, a man almost 10 years older than her. An alcoholic, stealing her income, drinking and abusing her was a daily event.

After joining UUPP, practical knowledge helped her take control of her life. Parinaam helped her acquire PAN, Aadhaar, ration and labour cards. One of her proudest moments was opening a bank account in her own name. Now she has a safe place to keep her income where her husband cannot get his hands on it.

Parinaam counseled her to shift from labour to housekeeping work. Housekeeping gave her more flexible hours, and was much safer. She also started to earn an additional income by selling solar products in her community.

Before joining UUPP, she thought little about her future or her children's future. Just like the mindset of the ultra poor, she assumed that her children's future would take the same path as her own. After realizing that she could enrol her children into schools and change their trajectory, she transferred the lost dreams of her own childhood onto her children. Today, her biggest dream is to send her children to college and see them build their own careers. To that end, Parinaam helped her enrol her second child, Rajendra, into the Indus Community School, a well-reputed school in Bangalore that serves children exclusively from poorer communities. Rajendra is not just excelling, he finished this year at the top of his class. She enrolled

her youngest child, Nagaraj, into a private school as well. Both are in Parinaam's Academic Adoption Program, and they have sponsors funding their education.

UUPP did not just give Mallamma practical help, such as acquiring a bank account and ID proofs; the program helped her dream big for herself and her children. Today, she has no fear of entering a bank, visiting a hospital to ask for medical care at a discounted rate, or sending her children into school. She has the courage and self-esteem to stand up for herself. When her husband becomes violent, she questions him and forces him to explain himself. She realizes now that she does not have to accept the life that she was born into. She has the power and control to shape her future.



	2012-13	2013-14
Total UUPP communities	7	8
Total primary beneficiaries	469	796
Total members under UUPP	2,234	3,426
Attrition (% dropped after being in our program > 3 months) *	10%	31%
Children currently attending the tuition center	259	175
Employment rate among active and graduated beneficiaries	90%	90%
Bank accounts opened for beneficiaries	211	279
Birth certificates arranged for kids	109	165
ID proof (PAN, Aadhar, Voter ID), ration cards, labour cards for beneficiaries	96	705
Beneficiaries graduated	143	296
Beneficiaries who have chosen to become Ujjivan clients	94	187
Children under the Academic Adoption Program	84	119
Medical interventions conducted for beneficiaries and their families	310	585
Total savings of primary beneficiaries (in \$)	7,333	10,717

*Note: Our attrition rate increased from last year, due to our expansion. When we expand to new areas, the dropout rate is considerably high, as we still need to build trust amongst the families of the community. Typically the first beneficiaries are the poorest within the communities, so when they exhibit tangible improvements in financial literacy, livelihood development, healthcare and education of their children, this propels the other members in the community to do the same, if not more, so as not to get left behind. The programme acts as a catalyst whereby it indirectly impacts multiples of more individuals/households.

Academic Adoption Program

Parinaam's Academic Adoption Program (AAP) grew to 119 children across eight schools in Bangalore. Run exclusively through sponsorships, we encourage donors to support their adopted child for their entire school life, ensuring that they never have to quit school because they could not afford it. Our biggest accomplishment was finding sponsors for every single child!

Our friends and family showed so much faith in our program that they helped spread the word to find new sponsors. Not just individuals, many companies came forward and committed to adopting a group of children.

We wish that every sponsor could meet their child, so they could truly see the impact of their donation. When they enter the home of one of our children, they are shocked at the poverty they see and wonder how these families can manage. Yet, upon spending time with the family, they realize the intense dedication they have towards education.

When we first started AAP, we had a dream to help children go to school. We had no idea what direction the program would take, and there were so many fears of whether the children would stay in school and whether we could find enough sponsors for all of them. Despite all our fears, the program grew from a fledgling 17 to 119 children in just three years.

Next year, we are enrolling more children and finding more schools that give preference to students from disadvantaged backgrounds.

AAP beneficiaries

Navyashree



Navyashree (second from right) is a 2nd grader at the Indus Community School in Bangalore. When Parinaam first met her family, they were living in one of the worst slums in Bangalore. Their home was a tent made of blue tarp sheets.

Navyashree's father left the family, leaving her mother, Bharti, struggling to raise her child and work full-time as a manual laborer. Parinaam enrolled Navyashree into school and Parinaam found a sponsor from London to help fund her education. Today, Navyashree is not only attending school regularly, she is at the top of her class and receives regular care packages from her surrogate family in London.

Anil Kumar



Anil Kumar is an energetic, carefree young boy who loves running and playing with his friends. He lives in a rented, unfinished home with his parents and two siblings. Anil's mother, Meenakshi, understands the power of education, and she is trying her best to send her kids to school.

She faces an abusive marriage at home, and can rely only on herself to send her three children to school. With the help of Parinaam, she started her own tailoring business and now earns her own income. With a sponsor's support she is sending her son, Anil Kumar, to school.

	2011-12	2012-13	2013-14
No. of children	17	84	119
No. of schools	2	6	8
No. of sponsors	6	14	45

Diksha

The Financial Literacy Program

Background and Goals

Through funding from Citi Foundation, Michael & Susan Dell Foundation and Ujjivan Financial Services we have been able to provide financial literacy to over 137,374 Ujjivan customers.

Parinaam developed Diksha, a five-module in-depth classroom training spread across 5 weeks, on various concepts of financial planning and management to equip customers of Ujjivan with essential tools to minimize their financial risks and make informed financial decisions for their future. The training covers the importance of financial planning, budgeting, savings and saving options, borrowing and sources of debt, modern banking facilities such as regular saving accounts, ATM, Cheque books, cashless transactions and Ujjivan's diverse financial products (Individual Lending, Pensions, Insurance etc). Only those customers who complete all 5 modules are certified as "graduated" from the Financial Literacy Program.



The program design is based on the story of two sisters, 'Sukhi' & 'Dukhi', and how they manage their financial problems. Informal discussions with customers have shown they empathize with the protagonists and have better

retention of lessons learnt through the story. These stories are being converted into short animation films which simplify and teach the customers the essence of financial planning and management. Materials such as flipcharts and diaries are pictorial and colourful. Participatory tools and techniques are used to help our participants retain the lessons taught during the training process. Calculators are provided to teach them basic numerical skills; financial diaries help them to track their income and expenses and saving boxes are given to participants/their children to implement saving habits before they are able to open bank accounts.



Diksha was conceptualized after the 2010 microfinance crisis, realizing that the immediate need was to teach microfinance customers the importance of debt management, borrowing within their repayment capacity and how to save in a safe place. Once the microfinance industry recovered from this set-back and gained momentum, they started diversifying their financial products to cater to the changing needs of their customers. Parinaam's Diksha program also saw a lot of progress in Ujjivan's customers and realized that these women knew how to manage their debt and save, and more emphasis should be laid on empowering them and their household to make informed decisions and reducing their financial risks by providing them the necessary skills, knowledge and access to a wide array of financial products.

Key Objectives of Diksha are to enable the participants:

- To understand the importance of budgeting and saving for their future
- To understand how to borrow judiciously and within their capacity to repay their loans
- To understand how to save on a monthly basis and what are their options to save safely
- To understand that with careful planning and saving they need not borrow to meet all their needs and wants. They should be able to supplement their borrowings with savings and hence borrow less
- To be confident about using modern banking facilities like ATMs, Cheque books, and other financial products offered by our strategic partner, Ujjivan Financial Services Pvt. Ltd.
- To be empowered and have the capacity to make informed financial decisions and have an equal say in their household decision making
- To have a holistic impact on the family members and lead to a positive change in their financial behavior.

Scalability and Sustainability

Parinaam, has a strategic partnership with Ujjivan Financial Services, an NBFC, and uses their distribution network to execute the program in the field. Ujjivan provides financial services to over 1 million customers pan India and Parinaam aims to scale-up Diksha to provide financial literacy to all these 1 million customers!

Diksha is spread across 16 States and Union Territories in India - Karnataka, Tamil Nadu, Kerala, Maharashtra, Gujarat, West Bengal, Bihar, Jharkhand, Orissa, Assam, Delhi, Uttar Pradesh, Rajasthan, Punjab, Haryana, Uttarakhand.

We received recognition from the Reserve Bank of India and they have even used Diksha's content for their own Financial Literacy Program for Banks. We are also gaining a lot of recognition from external organizations who have their own Financial Literacy programs as well as corporates who are interested in sponsoring our program.

Data and Impact

The program is tracked on a Core Banking Software which ensures close monitoring of the program and its progress, minimization of error and non-duplication of entries. This software tracks attendance, certification, bank account details, stocks (diary, calculator, savings box and certificates) and attrition rate. At the time of registration, Diksha trainers and branch staff fill up registration forms for the participants. This baseline data is encoded by an external vendor and serves as rich data for external impact evaluations.

Delphi, a research organization, conducted an external impact evaluation of our program. They interviewed a total of 1,607 respondents spread across 38 Ujjivan branches in 10 States in India. The results from this study have been largely positive regarding the benefits of the program; it was found that Diksha helped 90% of its participants understand the need for financial planning, 84% actually plan their household budget and 76% track their income and expenditure. 81% of the respondents were even willing to pay some amount for the training. Through its efforts, Diksha has helped over 130,000 women save for health,

education and emergencies while they continue to access loans for their business needs, without being over-indebted.

Future

Parinaam is committed to providing financial literacy to Ujjivan's 1 million customer base with the continuous support from Ujjivan and its team. However to ensure the sustainability of the program we will continue to seek like-minded sponsors to financially support this program.

Region-wise statistics (as on March 31, 2014)

Region name	Total No. of customers registered in Diksha	Total No. of Bank A/c opened through Diksha	No. of Disksha customers availed cashless	No. of customers converted to IL
East	45,899	16,782	10,095	419
North	23,384	8,295	2,622	540
South	46,494	13,916	12,157	1,483
West	21,597	6,164	4,710	92
Grand total	137,374	45,157	29,584	2,534

How training helped Anitha save prudently.

Anita, has been an Ujjivan customer for the last 3 years at Ujjivan's Panipat Branch. She runs a provision store and took a loan worth Rs. 25,000 from Ujjivan to expand her business. She underwent Diksha training and gained a lot of insights on how to manage her business and track her cash flow. Anita is greatly influenced by the Sukhi Dukhi story and she has reduced her unnecessary expenses and borrowings. She did a savings assignment in which she listed out her aspirations and then calculated the amount she should save daily to achieve these aspirations. She was able to purchase a gas cylinder worth Rs. 5,000 in just 45 days, which she has accomplished by saving a small amount every day based on her calculations! She believes that Diksha has changed her mindset about life and has taught her how to save to meet her needs and also gave her the confidence to achieve her dreams in a planned and structured manner.



Savings Initiative for Education

Parinaam's Higher Education Scholarship Program

Parinaam through the course of its journey realized that scores of beneficiaries' children, though academically excellent, could not afford to pursue their higher education. The students' families were thus forced to take high interest loans from the moneylender, burden their family financially to pursue higher education or drop out from the education

HESP Statistics (as of March 31, 2014)

Region Name	No. of candidates enrolled
East	32
North	22
South	99
West	23
Grand Total	165

system. It was clear that Parinaam had to fill in the gap for children who wanted to pursue their higher education but could not afford to. In 2010 Parinaam launched the 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 or graduate degrees. Strict criteria and due diligence ensures that the awardees are truly deserving.

Parinaam in collaboration with Citi Foundation started the "Matching Savings for Education Program" in November 2013 and has received 144 applications across India. This initiative encourages Diksha certified customers to plan and save for their children's higher education.

Scholarship for higher education

Divya Wilsy, daughter of our customer Mrs. D. Valli from Hubli Branch, was awarded a scholarship of Rs.7,000 for her higher education. She is studying BBA (3rd Year). She wishes to complete her masters and help her parents and also wants to contribute to the society.

Eligibility Criteria

- Student must have completed 12th grade
- Student should have attained 70% and above in his or her recent examination
- Household income must be Rs.15,000 or below.
- Student's mother should be Diksha certified
- Student's mother should save every month towards child's education and must furnish copy of passbook every month for a period of 6 months.

Ujjivan's customer and her child must satisfy the above-mentioned criteria to be eligible to receive a scholarship. The scholarship program will include an educational savings component whereby Parinaam uses a grant to match customer savings, up to a maximum allowable scholarship limit of Rs.10,000. Customer savings will be tracked for a period of 6 months. Parinaam aims to emphasize savings to reach their goal without borrowing repeatedly. The Diksha Financial Literacy Program teaches participants to calculate and track their required "savings per day" to achieve their dreams.

Healthcare Programs

Healthcare for the urban and semi-urban poor is the need of the hour as usually this section of the society tends to postpone/avoid treatment until it is absolutely necessary and an emergency arises. It usually involves a significant strain on their financial resources. Through its operations, Parinaam developed a comprehensive healthcare program across Bangalore for our beneficiaries in the Urban Ultra Poor Program as well as for Ujjivan's clients. Parinaam has a network of specialized secondary and tertiary hospitals and clinics through which we provide medical care at affordable rates.

Medical Intervention

Parinaam's Medical Intervention program supports beneficiaries suffering from critical medical conditions. In addition we also provide constant counseling and help beneficiaries avail various governmental and non-governmental schemes and facilities to help them get additional benefits. Patients referred to us suffer from problems like oral cavity cancer, bent spinal cord, dislocated arm, bent leg, hearing loss, breast cancer, cataract, blood cancer, peptic ulcer, kidney failure, vision problems, arthritis, mental retardation, heart diseases, kidney problems, fractures, hernia, ENT problems etc. Some of them required Angioplasty or other expensive surgical procedures. In some cases patients were in need of artificial limbs and other prosthetic help as well.

Under the Urban Ultra Poor Program, Parinaam conducted 3 multi-specialty health camps (Eye, ENT, Dental, OBG, Pediatrics, Medicine & Diagnostics) covering 461 beneficiaries at Lingarajapuram, Thubrahalli and Sadaramangala communities. A total of 205 beneficiaries were helped with treatment either free of cost or at discounted rates for different ailments post health camps as well as on a regular basis.

Intervention to give Maria Theresa free medicines for diabetes.

Maria Theresa, aged 48 years is an Ujjivan customer of Lingarajapuram branch in Bangalore. Maria is a tailor, her husband is visually challenged and her son is studying in the 9th grade. All three of them are diabetic and have been facing a lot of problems in controlling this disease. They have to spend around Rs. 1,500 every month on their medicines for diabetes. Maria is the only breadwinner of the family and earns around Rs. 3,000 per month.

Bhuvaneshwari, Ujjivan's loan officer from Lingarajapuram branch learnt about the problems faced by them and referred her to Parinaam. Our staff visited the customer's house and connected Maria with an NGO that provides healthcare facilities at affordable rates for the poor. Currently Maria gets medicines free of cost and is able to continue treatment for diabetes for all three members of her family. Parinaam is also trying to help her husband, aged 51 years, find a job so he can contribute to the family income.



Treatment and regular medical care for Husna

Husna, aged 29, is a beneficiary of our Urban Ultra Poor Program in Bangalore. She lives with her husband and three children. Husna was an Agarbatti-roller and her husband a fruit vendor. Husna was suffering from a mental illness since childhood but not much attention was given to treat it. Her parents got her married off in the hope that it would cure her illness. Her husband became aware of her problems only when she exhibited unusual behavior such as trying to commit suicide by setting herself on fire. He then took her to hospitals and spent a large amount of money to treat her. His low income from selling fruits soon ran out and he was unable to bear the cost of her treatment and for years his only solution was injecting Husna

with sedatives and waiting for her to calm down. None of her relatives wanted to help them, as she would become violent and sometimes injure herself. Parinaam got to know of this after Husna joined the UUPP and spoke to the doctors in a hospital that specialised in mental illness. She was diagnosed with Schizophrenia and was admitted for a week in the female psychiatric ward for observation. Seeing the condition of Husna and the impact the treatment could have on her family, Parinaam hired a caretaker from a private agency and covered all costs. She is under medication and her symptoms have reduced. She goes for regular follow-up treatment and her family members are relieved.



Donors and Volunteers

Parinaam has received volunteers and interns from various prestigious universities and organizations across the globe. Some of the universities include Stanford, Princeton, Wellesley, Columbia, Christ University and organizations such as PollinateEnergy, Namma Cross Fit, and Shell Foundation.

Our volunteers are a core part of the success of our interventions. They have supported us in areas where we most needed help and fill in the gaps in our programs and processes to make the implementation even more effective and smooth. If you have the desire to help the urban poor, we will be happy to provide the medium. Whether it is volunteering at a health camp, helping us with IT expertise or just providing moral support to our beneficiaries before their vocational training interviews, there are many ways that a volunteer can contribute in this challenging and exciting workspace.

Donors

Citi Foundation and Sequoia Capital have been our pillars of strength and have continued to support our Diksha Financial Literacy Program and Education Programs. Michael & Susan Dell Foundation has played a crucial role in helping us initially set up our programs and get them implemented in the field. Our sponsors include Hongkong & Shanghai Banking Corporation Limited, Merint, Metlife Foundation, and DSP BlackRock. We have also been contacted by several organizations for potential CSR partnerships.

We have many generous individual donors such as Ravindra Bahl who has been sponsoring our Urban Ultra Poor Program and has ensured we continue our work uninterrupted. Sarah Owen & her husband Robert Williams Vandersluis have funded our Summer Camp for 2 consecutive years. Sarah even ran a marathon and raised \$5,000 for our summer camp in 2013. It is amazing to see such dedication and support from our extended family and friends.

Parinaam's recognition has enabled people all over the world to learn about our programs and has played a vital role in providing us with a wider outreach. Mr. Amrit Kolluru, Associate Director of Investment Banking UBS, from New Zealand read about Parinaam in the Financial Times and said "I was deeply inspired by your organisation's work." He has adopted a child through our Academic Adoption Program (AAP) and even came to India to visit her and her family. We hope to continue to build such long lasting partnerships and seek your support for our programs.

The Parinaam team







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 our programs across India.

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 Ministry of Home Affairs, Government of India and is valid for 5 years until January 16th, 2017. We are in a position to accept foreign currency donations and grants in addition to those from Indian citizens and companies.



Parinaam Foundation

Grape Garden, 3rd A Cross, 18th Main, 6th Block, Koramangala,
Bengaluru 560 095, Tel: +91 80 4071 2121, Fax: +91 80 4146 8700
www.parinaam.org



@parinaam



Parinaam Foundation

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Ayush Ranka • Murali Neelakandan • Nihal Ghosh • Vinoo Krishnan