



2014 - 15

The year that proved us right.



We spent eight years,  
laying Ujjivan's foundations.  
Bringing together the right people.  
Developing our infrastructure.  
Building processes and systems.

We spent eight years,  
directing our energies and skill  
not just towards the present  
but towards the future we believed in.



We spent eight years,  
for what Ujjivan achieved this year.  
This year, we doubled our customer base.  
This year, we doubled the loan portfolio.  
And we believe, bettered more lives.  
**This is our Annual Report for 2014 - 15.**



2006

1,000 Indian  
dreams made real

2008

Awarded for  
process excellence

2009

#1 microfinance  
employer

2011

Microfinance  
Organisation  
of the Year

2012

More than  
1,000,000 Indian  
dreams made real

2007

Awarded for  
innovation

2008

68,000 Indian  
dreams made real

2009

621,000 Indian  
dreams made real

2012

#2 Best financial  
services employer



2013

Awarded for  
innovation in  
responsible business

2013

Among India's top  
25 employers for  
3 consecutive years

2014

Most Inspiring  
Workplace Award

2015

#16 Best  
employer in Asia

2013

#7 Best employer  
in India

2014

1.3 million Indian  
dreams made real

2014

#9 Best employer  
in India

2014

23 states,  
350+ branches,  
5000+ employees



As we stride  
towards our tenth year,  
we look at the past  
with satisfaction.  
And welcome the future  
with great expectation.

Looking back on  
what made us succeed -  
it's our values,  
commitment in deeds.

So to commemorate the 10-year milestone  
we put our thoughts together  
to represent all we are  
and all that we stand for.

Of the hundreds, one stood out.  
The brainchild of Shijo R of Wadakkanchery,  
it showed a profound understanding  
of the idea behind Ujjivan.

A recognition that the woman  
is the heart of the household.  
The force that unites the family.  
That nurtures all hopes and dreams.

And the hopes and dreams of the woman  
and her household are realised  
by our promise of a better life.

These values have carried us  
to this 10-year milestone.  
And will carry us forward as well.

Exciting times are ahead for all of us.  
Let us all look forward to the journey.



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# Letter from the Managing Director

My career as a banker started in 1975 and spanned 30 years. In 2004, I began preparations to set up Ujjivan which was established in November 2005. This year at Ujjivan, we will be celebrating ten years of providing financial services to those who are excluded by the banking world. I have spent four decades in the financial services industry. What makes me jump out of bed on Monday mornings and head to work?



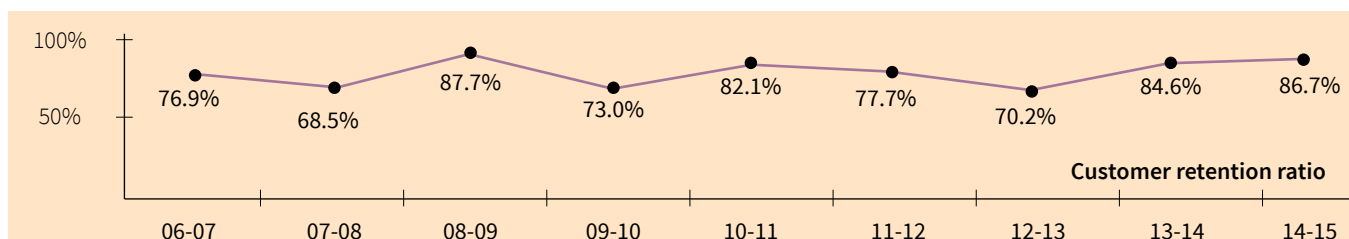
## Customers

It is the stories which our customers tell us of their journey with us. It is the Dhokla lady in Surat - who used to prepare Dhoklas at home and sell them on pavements - who took a loan of Rs. 10,000. Three years later when I met her, she had borrowed Rs. 100,000 and had scaled up her business to become a wholesaler of Dhokla in Surat. She was joined in business by her husband and eldest son, and she now employs three karigars.

A lady in burkha at our Yelahanka branch who has a Rs. 99,000 loan, has scaled up her one-person tailoring shop to a business powered by ten machines, selling women's garments. She wants another lakh for the Eid seasonal sale.

Another customer in South Pune used her loans to train her sons in martial arts and has now helped her elder son set up a martial arts school. A whole bunch of our customers take higher-education loans for their children. They firmly believe that it is the long-term way out of poverty.

Thirty housewives in Garia over the years have turned into successful micro-entrepreneurs. A host of our women customers have availed loans to buy hybrid cows and buffaloes to supplement their family income. The enterprise of our customers and the varied businesses they are engaged in is mind boggling. We pride ourselves on being a customer-focused organisation. And the proof of the pudding is our customer retention.



As our customers move up the economic ladder and/or scale up their business, their financial needs vary, and increase from the simple Group Loan. Our Individual Loans provide the path for financial growth. We have over 70,000 Individual Loan customers. Our success is attributable to our ability to offer appropriate loan products for every stage of business growth as our customers scale up their business and family needs i.e. higher education, housing, etc.

In the first eight years, we acquired a million customers as we scaled up and opened our wings across the country in 24 states and union territories. Last year was a tipping point – we added another million customers! Our active customer base today, is 2.2 million.

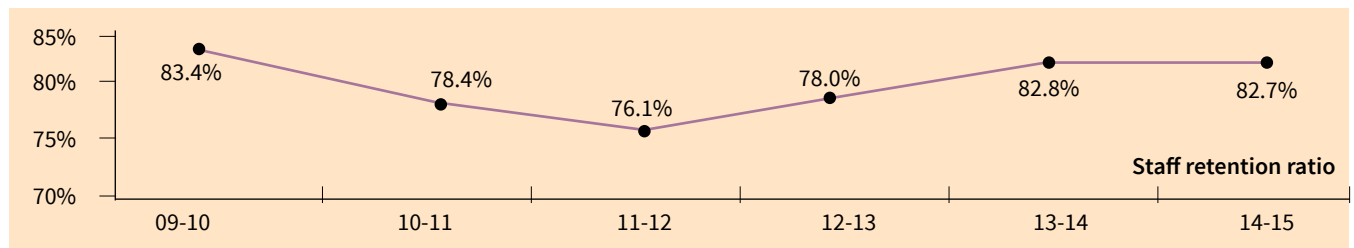
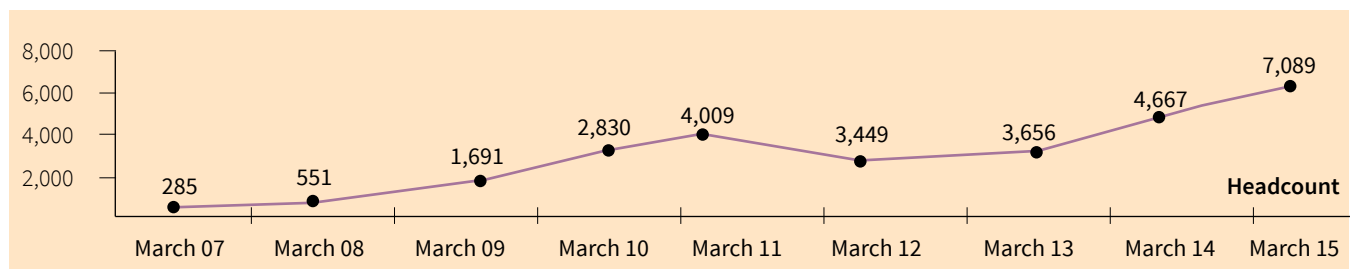
## Employees

It is the stories of our staff and how they have transformed their lives, that gets me to work on Monday mornings. The branch manager of one of our most successful branches joined as a humble field staff. Today she ascribes her branch's success to monitoring performance using her branch

dashboard, planning and team work. She will put many of our business school-educated managers to shame. Her husband is in the catering business. Both of them are bringing up two sons, one of whom is studying engineering. We have a diversified workforce with people from a wide range of backgrounds. A quarter of our field staff are women, while 19% of our total employees are women.

Customer retention and staff retention are highly correlated. Providing the opportunity for staff to grow and develop in the organisation, is not only good for the employee but also for the business.

We continue to be among the top ranked organizations in India under the Economic Times/Great Place to Work ranking in India and Asia. We used to wonder how we can compete with the likes of Google, Intel, and American Express. It is not our compensation level & work environment. We get the highest score in employee survey on job satisfaction. The respect & appreciation our customers have for our staff, make all the hard work in an unpleasant & risky environment worth it.



## Investors

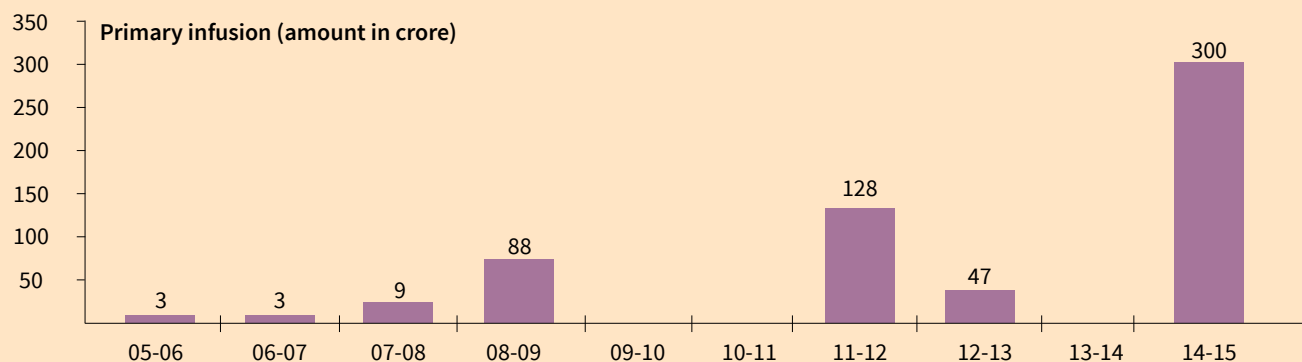
We have always enjoyed an excellent relationship with our investors. Most of our institutional investors have been our partners in progress through their active participation in the board and voluntary support for the various activities we undertake within Ujjivan and Parinaam Foundation.

They have actively supported us during periods of industry crisis by bringing in new investors. We have actively assisted our early investors to exit through secondary sales. In the latest round of capital raise of Rs. 600 crore (Rs. 589 crore during the financial year),

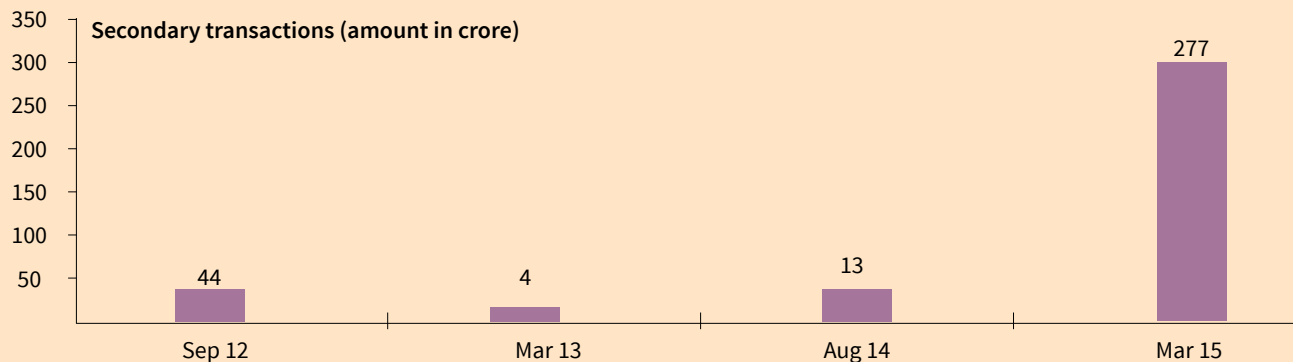
half of the same was to provide partial or whole exits to our early institutional and individual investors.

Investors have been able to generate 20-25% return on their investment in Rupee terms and some of the investors from our first two rounds, who exited in the latest round in the financial year, were able to get 14.6x return on their original investment. This is unparalleled in the industry. The details of both current and past investors along with their feedback, are on our website: [www.ujjivan.com/html/our\\_investors.php](http://www.ujjivan.com/html/our_investors.php)

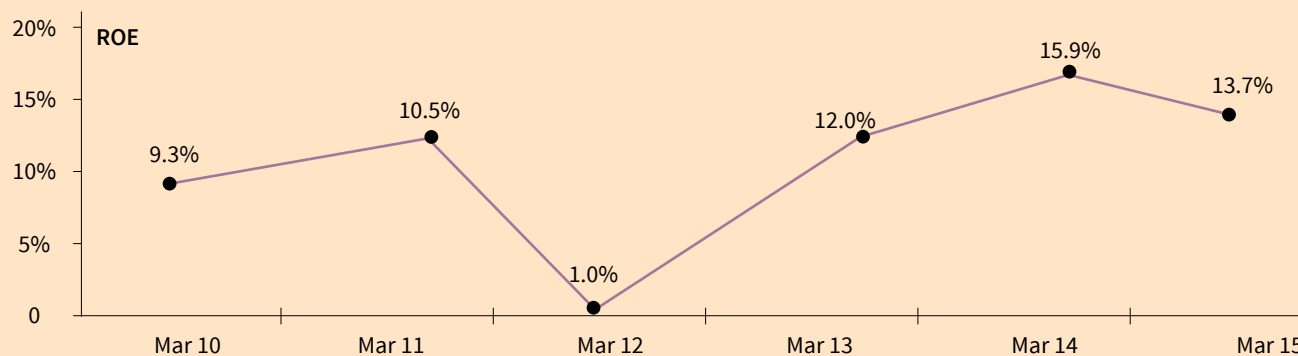
Primary infusion (amount in crore)



Secondary transactions (amount in crore)



ROE



## Key Partners – Banks and Financial Institutions

Our biggest partners are the banks and financial institutions which provide us with funding. Last year, we raised debt of Rs. 2,803 crore from banks and financial institutions.

We enjoy the finest pricing in the industry and one of the best ratings for a microfinance institution: CARE rated us 'A' on our long term borrowings. We already have a rating of MfR1 from CRISIL which is the highest grading for an MFI. And, Ujjivan has always sought to diversify sources of funding.

In 2010 we pioneered Non-Convertible Debenture from foreign financial institutions, which provided us with much needed liquidity during the crisis period. Last year, Ujjivan was the first to source funding from the vast mutual fund market. Ujjivan has been a trailblazer in sourcing new avenues of funds because of the excellent lender confidence it enjoys in the market.



## Key Partners – Operations and Technology

The key area in this high volume but low margin business is to constantly work on lowering our operating cost and simultaneously continue to improve the quality of service in terms of loan Turnaround Time (TAT), bring error rates close to zero and constantly move towards cashless transactions.

Our success in converting customers to cashless loan disbursement using their bank accounts is unique in the industry. In this quest we have centralized our Operations and Technology Teams at the four regional hubs. We have outsourced our data processing and call centres to partner organisations spread across India and outsourced data centres.

We are constantly working on upgrading our technology to improve efficiency and quality of output. We are moving towards paperless processes through use of a document management system, along with handheld devices (tablets and mobile phones) to capture data for loan processing, repayments and handling enquiries. Our entire loan application processing for Individual Loans is performed through tablets, and Group Loan repayments are in the process of being processed on mobile phones. We work extensively with our technology partners. Our goal is to move more and more towards digital technology.

As a part of the digital revolution, we have launched a mobile platform, Trucell, to facilitate repayment transactions processing and provide access to customer information for our field staff using Android mobile phones. This improves efficiency and facilitates better customer service.

We are the first in the industry to launch e-learning – an easy-to-use self-learning tool to provide real-time training and support to Cashiers. We will be launching similar training tools for other functions in the future.

### Backend Efficiency Parameters

|  | Mar 13 | Mar 14 | Mar 15 |
|--|--------|--------|--------|
| GL TAT (average no. of days)                                 | 7.94   | 5.28   | 5.78   |
| IL TAT (average no. of days)                                 | -      | 9.25   | 6.45   |
| Cashless Loan Disbursement<br>(% of Total Loan Disbursement) | 15.6%  | 48.6%  | 52.4%  |

## Community Development Programs

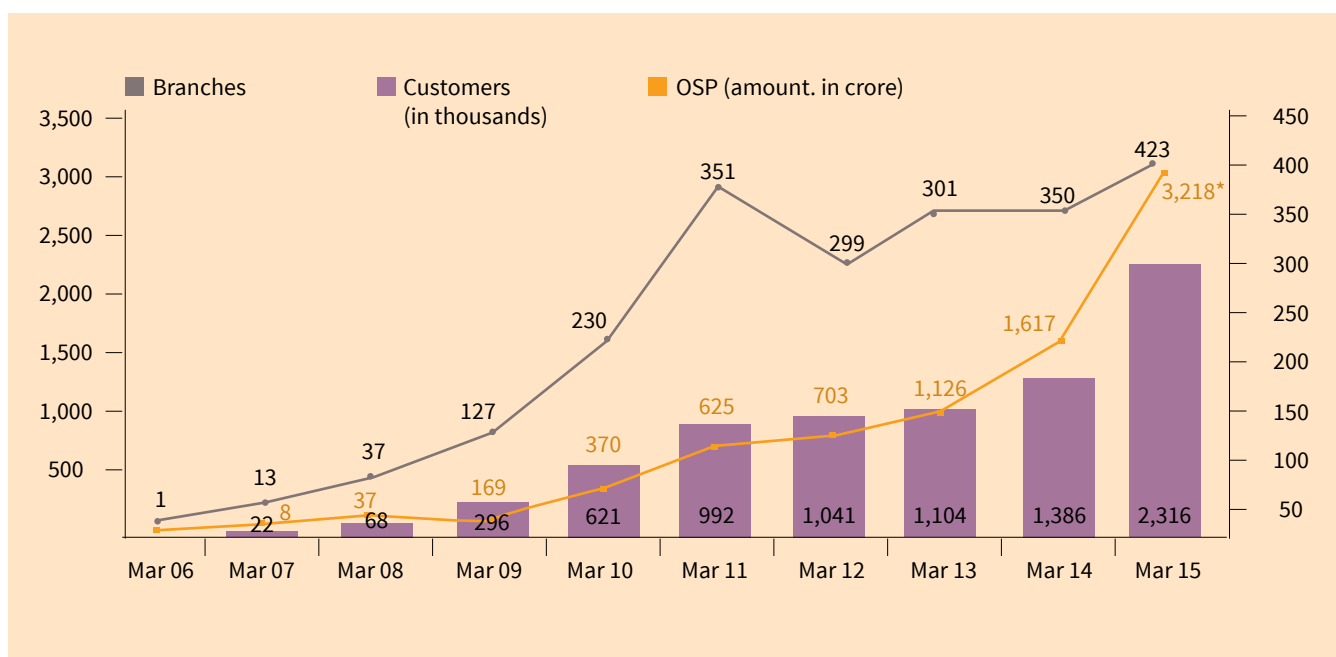
We started the Community Development Program from the year we broke even. These were small but high impact projects – the equivalent of Mr. Fix-it for the community, like repairing a water pump or tank in schools, upgrading local government hospitals, paving a hill track, rain-water harvesting, fixing the local well, building a bus stand, and building and repairing schools toilets.

In the initial years, we focused on upgrading the meagrely-provided government established Anganwadis (crèches) for poor families. Last year, in response to the Prime Minister's call for Swachh Bharat, we switched our attention to building and renovating toilets especially for the girl child in government schools. Last year, we built or renovated 266 toilets in schools across the country with a total spend of Rs. 1.23 crore.

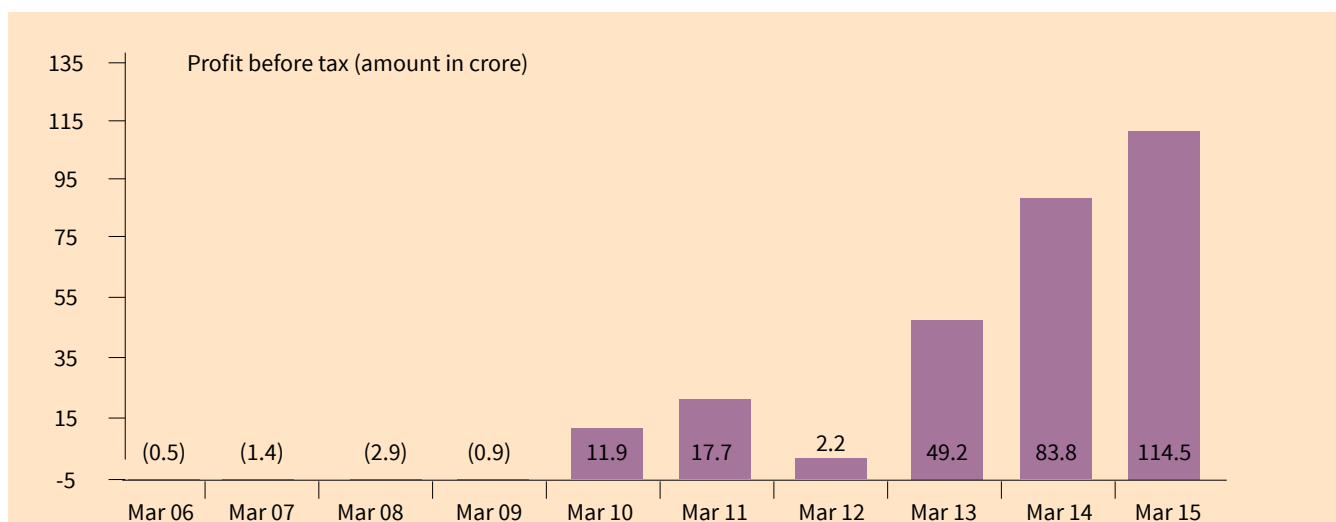
## Financial Literacy Program – Diksha

Parinaam Foundation, our sister organisation, has developed one of the finest financial literacy programs in the country. Over the years, they have trained and certified nearly a quarter of a million customers and opened close to a hundred thousand bank accounts for them. This is in line with the government's Jan Dhan Yojana program as well. The RBI has shown great appreciation for the Diksha program.

Overall, it has been a fantastic year for Ujjivan. In terms of business, we have doubled our customer base and our loan book. This is the 6<sup>th</sup> year of consistently profitable operations. Our Profit Before Taxes (PBT) grew by 37% this year. All through this massive expansion, our portfolio quality has improved. Pictures tell us the entire story and are all the more eloquent.



\*excluding securitized portfolio of Rs. 55.4 crore



## The Future

The financial inclusion world is in flux. For the first time in the last ten years, it is receiving real attention and not mere lip service from both the national government and the Reserve Bank of India. Prime Minister Modi has put financial inclusion as one of the top agendas of his government with the spectacular launch of Jan Dhan Yojana, MUDRA bank and the various insurance programs. He has set a hectic pace. Yet as a realist, he realises that real financial inclusion for the poor is likely to take 20 years, as per his speech at the Financial Inclusion Conference on the occasion of the 80<sup>th</sup> anniversary celebrations of the Reserve Bank of India. The Reserve Bank of India, under the leadership of Governor Raghuram Rajan, has taken the proactive step of launching two new types of banks to promote financial inclusion: the Small Finance Bank (SFB) and the Payment Bank. In addition, the big elephant amongst the pack is the possible conversion of the Indian Post Office to a bank. The two new commercial banks, Bandhan and IDFC bank, will also be major players in this field. The Reserve Bank of India, based on the good track record set by MFIs after the crisis in 2010, has considerably liberalized the scope of business for MFIs. One thing is for certain – the environment in which we operate and how we operate is going to change completely in the next few years.

Let us begin with the last – RBI's new guidelines to MFIs. Permitted loan sizes up to Rs. 1 lakh will require a different approach and skill set than the traditional group lending, which most of us are used to. Those who make the transition to individual lending will succeed. The path will be littered with carcasses of irresponsible lenders who take this as a license to grow their portfolio at breakneck speed. We hope this does not adversely impact the industry. We have a head start from our competitors by setting up the Individual Loan business three years ago as a separate vertical.

Second, the SFB license. MFIs have a head start in the race for these licenses, despite 72 contenders in the initial line up. Seventeen NBFC-MFIs have applied. MFIs have an advantage, as they already serve the same market segment. The RBI Governor indicated to us that he would like to see the best MFIs get the license. However, successfully establishing a SFB is like completing a steeple chase race. The first hurdle is to obtain the provisional license. We should learn about that in July/August. MFIs that are successful in the first phase will need to restructure and raise domestic capital in order to be ready to obtain the final license after 18 months. Paucity of domestic capital and legal/regulatory hoops that the organisation has to go through will pose the second major challenge. Once the SFB starts operations, the biggest challenge will be converting the liability side of the balance sheet to conform to that of a bank and comply with CRR and SLR requirements. Finally, the business the SFB has

to undertake – which is characterized by very high volumes, low transaction ticket size and customers requiring 'high touch' – will require a radically different business model, which is untested. SFBs will have to innovate using the latest technology and explore uncharted paths in order to succeed. How many of the 72 current contenders will establish and run successful SFBs in the long run is a big question. It will have to start with the selection of the best candidates by RBI. SFB is not for the faint-hearted.

The MUDRA Bank is an excellent initiative to accelerate the process of financial inclusion by providing funding channelled to micro-entrepreneurs. Here again, MFIs have a head start. In order to succeed, it is important that the RBI's regulations for MFIs and Priority Sector work hand-in-hand with the MUDRA initiative. There are challenges of pricing of loans in order to be an economically viable business proposition, and also to ensure that the pricing of loans are politically acceptable. The MUDRA card, which is a good idea to provide working capital for micro-entrepreneurs, will require high level of co-ordination between banks, MFIs and MUDRA. This is a game-changing initiative but success will depend on co-ordination and execution, where all parties have a win-win situation.

The success of Jan Dhan Yojana and the Jan Suraksha insurance programs will depend on the regular commercial banks to be able to service them. Banks are not geared to carry out this type of business in a viable manner. The business will have to shift to the two new commercial banks and SFBs in the future.

There are exciting times ahead. Put on your seat belts and enjoy the ride.



## Conclusion

What type of organisation is Ujjivan? Is it just 'commercial microfinance'? Is it a 'double bottom line' organisation? Is it a 'social enterprise'? None of these completely describe Ujjivan. Last year, while visiting Whole Foods in New York, I came across a book titled 'Conscious Capitalism'. It describes this new breed of capitalist enterprise of which Whole Foods is a prime example. These are organisations driven by an overarching purpose, rather than the goal of a single stakeholder.

The higher purpose could be for doing Good (Amazon, JetBlue, Disney); pursuing Truth (Google, Wikipedia); creating Beauty (Apple, BMW); and pursue a Heroic goal (Grameen Bank, Whole Foods, Ford under the founder, South West Airlines). Our purpose is to provide financial services to the vast number of working poor who are financially excluded.

A purpose-driven organisation has a long-term focus and is not driven by quarterly earnings beholden to the Wall or Dalal Street analysts. The purpose with which the organisation is created must be valued by society. In achieving the purpose of the organisation, interests of all stakeholders are taken care of, not one at the cost of the other. This type of organisation finds resonance in Ujjivan. The all-round success we have achieved so far is because we are an outstanding purpose-driven organisation.

**Samit Ghosh**

**May 30, 2015**



# Products and Services

Ujjivan prides itself on being a customer-centric organisation, and on developing products that directly address its customers' needs. The product development process relies extensively on rigorous market research and product pilots to gather insights from the field.

Once a product is launched, regular customer feedback is solicited and products are re-engineered as required, to complete the loop. The range of products that we offer, from Rs. 2,000 to Rs. 1,000,000, help our customers finance their income generation activities, emergencies and important consumption needs such as housing, education and creation of household assets, which have a pronounced effect on the quality of their lives.

## Insurance

Through our partnership with Bajaj Allianz Life Insurance Company, we offer Life Insurance to our customers and their spouses. In the unfortunate event of natural or accidental death of customer or spouse, the insurance amount helps the beneficiary cover the existing loan and receive the benefits of a life cover. In 2014-15 we insured over 3 million customers and their spouses. A snapshot of claims for FY 2014-15 is as follows:



|              | 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 |               |            |              |               |
| SOUTH        | 1,056        | 24.93        | 11.5         | 13.42         | 3,951        | 93.07         | 20.08        | 72.99         | 5,007         | 118        | 31.59        | 86.41         |
| NORTH        | 661          | 16.49        | 7.17         | 9.31          | 2,171        | 53.76         | 20.37        | 33.38         | 2,832         | 70.3       | 27.55        | 42.69         |
| EAST         | 616          | 15.12        | 6.6          | 8.52          | 2,064        | 50.72         | 14.74        | 35.98         | 2,680         | 65.9       | 21.34        | 44.51         |
| WEST         | 418          | 9.9          | 5.05         | 4.84          | 1,576        | 37.26         | 13.48        | 23.78         | 1,994         | 47.2       | 18.53        | 28.63         |
| <b>TOTAL</b> | <b>2,751</b> | <b>66.44</b> | <b>30.32</b> | <b>36.09</b>  | <b>9,762</b> | <b>234.81</b> | <b>68.67</b> | <b>166.13</b> | <b>12,513</b> | <b>301</b> | <b>99.01</b> | <b>202.24</b> |

Note: Claim amount, Ujjivan O/S and nominee share is in million.

## Group Loan Products

Our Group Loan products are built on the peer-guarantee loan model (joint liability group), which enables individuals to take loans without having to provide collateral or security.

### Basic Loans



#### Business Loan

This loan provides self-employed women (Fruit vendors, vegetable vendors, petty shop owners, tailors etc.) with the funds to address diverse business needs such as capital expenditure, working capital or repayment of high cost debt.

|                       |   |
|-----------------------|---|
| <b>Loan Amount</b>    | Rs. 6,000 - Rs. 50,000                    |
| <b>Interest Rate</b>  | 23.6% p.a. reducing balance               |
| <b>Tenure</b>         | 12 months/24 months                       |
| <b>Processing Fee</b> | 1% of loan amount<br>(exclusive of taxes) |



#### Family Loan

This loan helps women with low income to finance a range of familial needs, such as school expenses of children, medical care, house repairs, social and religious obligations, buying consumer durables and the repayment of high-cost debt previously taken for family needs.

|                       |   |
|-----------------------|---|
| <b>Loan Amount</b>    | Rs. 6,000 - Rs. 35,000                    |
| <b>Interest Rate</b>  | 23.6% p.a. reducing balance               |
| <b>Tenure</b>         | 12 months/24 months                       |
| <b>Processing Fee</b> | 1% of loan amount<br>(exclusive of taxes) |



**Note:** Loans above Rs. 15,000 have a 24-month tenure with customers having the choice of two repayment options based on their credit history, capacity, and cash flow:

- **80-20 Plan:** 80% of total repayment made in the first 12 months and balance 20% in next 13-24 months
  - **Equal Monthly Instalment Plan:** Repayments in equal instalments spread over the 24-month period
- This applies to both the Business Loan and the Family Loan.

## Value-added Loans



### Business Top-up Loan

This loan offers customers additional finance during the year to address their business requirements – over and above their initial business loan. This loan can only be availed if the customer has a satisfactory credit history.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 3,000 - Rs. 6,000                  |
| <b>Interest Rate</b>  | 23.6% p.a. reducing balance            |
| <b>Tenure</b>         | 9 months/36 weeks                      |
| <b>Processing Fee</b> | 1% of loan amount (exclusive of taxes) |



### Emergency Loan

This loan helps customers address an unforeseen medical emergency. It is disbursed within 24 hours of request.

|                       |                             |
|-----------------------|-----------------------------|
| <b>Loan Amount</b>    | Rs. 2,000 - Rs. 5,000       |
| <b>Interest Rate</b>  | 23.6% p.a. reducing balance |
| <b>Tenure</b>         | 6 months/24 weeks           |
| <b>Processing Fee</b> | None                        |



### Education Loan

This loan is designed to help our customers handle the education expenses of children studying from Kindergarten to Class 12. These expenses typically include paying admission fees, purchasing text books, uniforms, etc.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 5,000 - Rs. 15,000                 |
| <b>Interest Rate</b>  | 23.6% p.a. reducing balance            |
| <b>Tenure</b>         | 12 months/48 weeks                     |
| <b>Processing Fee</b> | 1% of loan amount (exclusive of taxes) |



### Loyalty Loan

This is a pre-approved loan, offered to loyal customers with a good repayment track record. The loan was initially offered between July 2014 and September 2014.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 5,000 - Rs. 15,000                 |
| <b>Interest Rate</b>  | 23% p.a. reducing balance              |
| <b>Tenure</b>         | 12 months/48 weeks                     |
| <b>Processing Fee</b> | 1% of loan amount (exclusive of taxes) |

## Individual Loan Products

Our Individual Loan products are offered to new and existing customers alike. Many of our Group Loan customers, due to their good repayment track record, graduate to Individual Loan customers.

### Unsecured Individual Loans



#### Individual Business Loan

The Individual Business Loan (IBL) has been specifically 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.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 51,000 - Rs. 150,000                 |
| <b>Interest Rate</b>  | 28% p.a. reducing balance                |
| <b>Tenure</b>         | 6 - 24 months                            |
| <b>Processing Fee</b> | 2.2% of loan amount (exclusive of taxes) |



#### Livestock Loan

The Livestock Loan is offered to customers who are already engaged in milch animal husbandry activities, for the purchase of cattle (cows and buffaloes), renovation of cattle shed, and the purchase of feed/fodder or equipment required.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 51,000 - Rs. 100,000               |
| <b>Interest Rate</b>  | 26% p.a. reducing balance              |
| <b>Tenure</b>         | 9 - 24 months                          |
| <b>Processing Fee</b> | 1% of loan amount (exclusive of taxes) |



#### New Individual BaZaar Loan

This product was 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. The target audience for this loan is individual micro-entrepreneurs (men or women), who have a running business and require funds for working capital or fixed assets.

Examples of such micro-entrepreneurs include men or women in the business of selling general household and utility items, such as groceries, toiletries, provisions, cloth, garments, stationery, utensils, bedsheets/quilts and medicines.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 21,000 - Rs. 150,000                 |
| <b>Interest Rate</b>  | 28% p.a. reducing balance                |
| <b>Tenure</b>         | 6 - 24 months                            |
| <b>Processing Fee</b> | 2.2% of loan amount (exclusive of taxes) |



### Open Market Livestock Loan

This is a variant of the Livestock Loan, but is offered to customers who do not have a credit history with Ujjivan and are already engaged in animal husbandry. The loan can be availed to purchase cattle (cows and buffaloes).

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 51,000 - Rs. 65,000                |
| <b>Interest Rate</b>  | 26% p.a. reducing balance              |
| <b>Tenure</b>         | 6 - 24 months                          |
| <b>Processing Fee</b> | 1% of loan amount (exclusive of taxes) |



### Higher Education Loan (HEL)

The Higher Education Loan (HEL) was specifically designed to cater to the needs of families that find it difficult to provide for their children's higher education due to the lack of access to organized credit.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 51,000 - Rs. 300,000 (disbursed in tranches) |
| <b>Interest Rate</b>  | 26% p.a. reducing balance                        |
| <b>Tenure</b>         | 12 - 60 months                                   |
| <b>Processing Fee</b> | 1% of loan amount (exclusive of taxes)           |



### Individual Agriculture Loan (IAL)

The Individual Agriculture Loan was designed to cater to the needs of tenant and marginal farmers, who find it difficult to get loans from financial institutions to cover the costs of cultivation and the purchase of farming equipment.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 21,000 - Rs. 65,000                |
| <b>Interest Rate</b>  | 24% p.a. reducing balance              |
| <b>Tenure</b>         | 4 - 12 months                          |
| <b>Processing Fee</b> | 1% of loan amount (exclusive of taxes) |

## Secured Individual Loans



### Secured Business Loan

The Secured business Loan is offered to small and medium enterprise owners to expand and augment their business, or handle working capital and capital expenditure. Collateral for this loan consists of land and building.

|                       |   |
|-----------------------|---|
| <b>Loan Amount</b>    | Rs. 200,000 - Rs. 1,000,000               |
| <b>Interest Rate</b>  | 24% p.a. reducing balance                 |
| <b>Tenure</b>         | 24 - 84 months                            |
| <b>Processing Fee</b> | 2.2 % of loan amount (exclusive of taxes) |

# Individual Lending 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 offer guarantees for each other. They also have very specific needs. These customers usually want to borrow amounts higher than Rs 50,000 and request flexibility in terms of repayment tenure, mode of repayment, disbursement mode, 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 unorganized workers who support themselves and their families with monthly household incomes between Rs. 15,000 and Rs. 30,000. And most importantly, MFIs are unable

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 1,00,000 families who are financially excluded. With Group Loans, we have achieved a meagre 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 to 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

At the beginning of FY 2014-15, the IL portfolio, with an OSP of less than Rs. 113 crore, constituted approximately 7.5% of our total loans outstanding. During the year, the IL portfolio grew by over 200% and contributed approximately 11% to Ujjivan's loan book by the end of the year. This growth is a result of our focused approach to cater to the needs of a segment which is excluded by the traditional group lending facilities of MFIs and the paper-intensive processes of 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 Building Blocks

The success of the IL Program depended on more than meticulous planning and flawless implementation. Responsive product management, sales orientation, process development and enhancement of capabilities in all verticals including Credit-Risk, Information Technology, Operations, Vigilance and, above all, Human Resource Development, were integral to the program's success. A major highlight of FY 2014-15 is the introduction of an independent credit methodology into the IL process. Individual Loan proposals undergo field-based credit underwriting and verification before being presented to the sanctioning committees. Further, as a measure of preventive vigilance, the Fraud Prevention Unit was created through the joint effort of the Credit and Vigilance Departments. With the help of a team of experts from Women's World Banking, model sanctioning committees were organized and replicated in all IL hubs.

## Understanding the Customers

As with any product, the success of IL is largely dependent on meeting the specific needs of our target customers. As a responsive product management initiative, collective effort was put by marketing and distribution teams to understand customer expectations. Partnerships were made with reputed research agencies to study customer behaviour and their response to our products. Women's World Banking, IMRB International, Delphi and IFMR are a few firms we worked with. Extensive MSE customer research has been initiated and major occupations of the customers across branches are being studied to understand the scope and viability for existing and future products.



## Purpose linked product offering

The IL products may be broadly classified as below.



Last year, we launched the Higher Education Loan to great success. It was designed to meet the credit needs of our customers who find it difficult to finance the higher education of their children. An open market variant of the Livestock Loan, introduced during the year, also met with great success. The Agriculture Loan for small and marginal farmers was tested and piloted in selected locations in FY 2014-15. The product will receive a widespread launch across rural branches in FY 2015-16. Seasonal promotions were conducted to boost the sales of Higher Education and Agriculture loans.

Another huge leap in the IL business was the introduction of the Secured Business Loan. The product was designed after intensive study of the industry and customer need analysis. We piloted the product in select locations to study its acceptability and viability. The Secured Business Loan is backed by strong and sound appraisal mechanisms to ensure the customer's eligibility and credit worthiness. Post the pilot, the product was revised and fine-tuned, and is now being launched steadily across various locations in India.

## Strong Credit and Risk Management

Evolution of the credit and risk management system



Ujjivan has an independent credit function to handle different product lines, a unique structure in the MFI industry. The structure is centralized and fully technology-enabled. It is controlled and administered at four regional offices at Bangalore, Delhi, Kolkata and Pune. This is complemented by Field Credit Officers, who carry out independent underwriting of each loan proposal at the branch level.

The approach towards appraisals is holistic. Sanctioning Committees review each case meticulously to assess viability from every perspective. The Sales Team is

responsible for portfolio quality and collections, which makes the process for loan disbursement compact and comprehensive. Manpower deployed for secured and unsecured loans are independent and have different skill sets.

A robust system is being put in place for portfolio and collection management. The credit performance of each branch is scored independently and trends are monitored. Poor performing branches are reviewed and stringent improvement plans are implemented.

## Capable Manpower

The creation of an 'IL organisation within the organisation' meant induction of a different set of people into Ujjivan, while keeping the basic DNA of the organisation intact. The strategy has been to keep the mix of internal and external manpower at approximately 30:70 during the year. A large number of fresh graduates as well as experienced professionals were recruited. For all fresh recruits as well as internal movements, a comprehensive training program was designed and many batches of the same were run during the year. In the coming years, most of the manpower will come from outside with a strong focus on recruitment and training.

The IL Training Program, which is in place to induct new IL staff, was revamped with the help of Women's World Banking delegates. An optimum mix of classroom training and field exposure is given to trainees when they first join Ujjivan's IL team. Subject matter specialists were hired as Project Managers and Technical Advisors. Over the last 2 financial years, over 700 IL staff have been trained and placed in the field. External experts have delivered training on sales, financial analysis and use of technology. Middle and senior managers were sent to reputed financial institutions and institutes in India and abroad for training and exposure.

## The Rewards Program

To reward the participation of the GL Sales Team in enriching the IL business, a Referral Incentive Scheme was launched. A custom-designed organization wide reward and Recognition Program was introduced to motivate the sales force to perform better while maintaining quality. The program runs for 3 months and is revised periodically to meet the need of the hour. The Rewards and Recognition Program, combined with Loyalty Loan Programs, helped Ujjivan reach a seemingly unattainable height. The Rewards Program for Credit and OPS teams focus on incentivizing quality and efficiency.

## Best in class Technology

Our IT platform plays a vital role in the success of the IL program.

In more than 90% of our branches across India, front-end automation through handheld tablets was carried out and over 370 loan officers were using the devices by the end of the year. We successfully digitized the capture and flow of customer data in the field. This helped reduce turnaround time, minimize errors, increased efficiency of the loan officers, brought in faster and better decision-making by sanctioning authorities and ensured better control by way of a smart, efficient MIS. A more digitized, 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 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 four regions and we are looking to develop this as an alternative channel for collections and to secure leads.

## Collaboration and Alignment

Ujjivan's IL Program has always benefitted from collaboration with agencies such as Women's World Banking and International Finance Corporation. We will continue to work closely with these agencies during the current year to build our capacity on various fronts.

The operating environment of the microfinance industry is changing rapidly. New developments, such as the establishment of the MUDRA Bank, are likely to create an enabling environment for micro-enterprise credit. We will be keeping pace with the industry by offering innovative products and services to both new and existing customers.

## Planning ahead

During FY 2015-16, the focus will be on increasing the intake of open market customers while building up on the GL to IL graduation program. Our branches will focus on understanding the top occupations / enterprises in their working areas in order to offer tailor-made solutions to customers. The Secured Business Loan Program and the Rural Lending Program will be gradually expanded. Based on market study and research findings, products will be revamped, and delivery channels and processes will be adjusted. Credit score cards will be introduced. Marketing will be carried out as a concerted activity, using various media and methods, with evangelical marketing as our primary focus.



# Housing Finance

## Affordable Housing - Demand and Supply

Housing is one of life's three most basic needs, alongside food and clothing, and is also known to contribute to the social, physical and psychological well-being of a family. Besides providing shelter and security, it also enables easy access to credit by acting as collateral. Overall, good quality housing has a long-term impact on an individual's productivity, thus contributing to the growth of the economy as a whole.

Housing shortage has been a major problem over the years. The total housing shortage in India runs into millions. And 80% of demand is among the lower income and informal sector households spread across urban, semi-urban and rural areas.

The government's focus on affordable housing and increased penetration by Housing Finance Companies (HFCs) in Tier II and Tier III towns are likely to fuel the next leg of growth. Small ticket loans will be the new growth driver and HFCs with rural focus will benefit the most.

Limited competition in the affordable housing segment as compared to regular housing segment, with the government's thrust on housing for all and financial inclusion, coupled with our expertise in understanding local markets, evaluating the self-employed segment, and semi-urban and rural presence puts Ujjivan in a sweet spot.

### Indicators for Growth :

- Mortgage finance is projected to be a Rs. 40 trillion market by 2022 (penetration to increase to 14% of GDP vs. 9% currently)
- Housing shortage in rural/semi-urban is approximately 1.5 times the urban shortage, suggesting that low ticket housing will experience rapid growth
- Realty affordability is presently about 5 times the average annual income as compared to 15-20 times the average annual income in the mid-90s

## Ujjivan - Filling the Gap

Recent statistics indicate that around 15% of Group Lending customers use Group Loans (ticket size up to Rs. 50,000) for housing or related activities. But the loan amounts were not enough for the purposes of home improvement. This led us to introduce an unsecured, higher ticket size Home Improvement Loan (up to Rs. 150,000) under our Individual Lending Program.

The Home Improvement Loan has been one of our most successful products outside of the group loans, and has helped fulfil the dreams of more than 20,000 families by enabling them to have a better place to live. Currently, the outstanding for Home Improvement Loan is more than Rs. 100 crore with a healthy portfolio quality.

To address the need for higher loan amounts, for home construction, purchase and incremental housing, a new product 'Secured Home Loan' has been introduced. This product provides customers with loans up to Rs. 10 lakhs, with a repayment term of up to 10 years. The loan is secured by the mortgage of the property being funded.

## Business Strategy for FY 2015-16

The next year, 2015-16, will be crucial for Ujjivan's housing business. The Unsecured Home Improvement Loan is running smoothly. The challenge lies in scaling the Secured Home Loan Business, which was piloted in last quarter of FY 2014-15. Getting the right resource at the right place at the right time will be the key success criteria of this business.

- The Secured Home Loan product is operated in Hub and Spoke Model, covering over 100 branches
- Develop technical and legal expertise in the team to build process capability
- Continue to serve the low income segment and incorporate learnings as a part of product policy
- Developing and executing a comprehensive training program for Secured Home Loans

## Product Features

### Home Improvement Loan (Unsecured)

This loan can be used for improvements, extensions, toilet installations, renovation of existing or new premises (within housing premises), and may include repairs such as sheet roof repairs, installation of RCC roofing, painting, reinforcement of walls or floors, addition of a room/ floor, etc.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 51,000 - Rs. 150,000                 |
| <b>Interest Rate</b>  | 24% p.a. reducing balance                |
| <b>Tenure</b>         | 12-36 months                             |
| <b>Processing Fee</b> | 2.2% of loan amount (exclusive of taxes) |

### Secured Home Loan

Housing-related needs such as home construction, purchase, and incremental housing in the form of extensive improvement or extension, require higher ticket size loans with a longer tenure to make the product affordable for the low income segment. To meet this need, Ujjivan introduced the Secured Home Loan product with loans up to Rs. 10 lakh for a tenure extending up to 10 years.

#### Home Improvement Loan (Secured)

This loan can be used for repairs and other structural improvements, such as the extension or completion of a building to make it habitable.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 200,000 - Rs. 500,000                |
| <b>Interest Rate</b>  | 19.75% p.a. reducing balance             |
| <b>Tenure</b>         | 24 - 84 months                           |
| <b>Processing Fee</b> | 2.5% of loan amount (exclusive of taxes) |

#### Home Loan - Self Construction and Ready Purchase

This loan can be used when the customer already has a plot of land and wants to construct a residential unit on the plot. It can also be used to purchase residential properties that are new, being resold or under construction by an approved developer.

|                       |  |
|-----------------------|--|
| <b>Loan Amount</b>    | Rs. 200,000 - Rs. 1,000,000              |
| <b>Interest Rate</b>  | 15.75% p.a. reducing balance             |
| <b>Tenure</b>         | 24-120 months                            |
| <b>Processing Fee</b> | 2.5% of loan amount (exclusive of taxes) |



# Information Technology

Ujjivan's growth story continues to ride on a successful, robust IT foundation, which continues to innovate and build the requisite change drivers. The IT infrastructure at Ujjivan continues to lead the MFI sector, facilitating smooth functioning and providing high quality service to its stakeholders.

Our IT Department includes executives from IT security; experts in network, database, MIS and software; and accomplished Project Managers. The IT Department 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 constantly improving the convenience of transactions via new technology.

## Highlights

### State-of-the-art Data Centre at IBM, Mumbai

We have selected IBM's private cloud resilience services to ensure continuous business operations for our clients' financial transactions. IBM's private cloud offers dedicated infrastructure for Ujjivan's primary setup with high speed SAN data storage, 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.

The cloud-based Virtualized Server Recovery (VSR) solution provides Ujjivan with a managed, around-the-clock solution designed to support application continuity and reduce business expenses and data loss, while ensuring always-on operations.

IBM's Cloud VSR solution enables us to provide customers with faster, streamlined recovery and manage our complete IT application infrastructure through IBM's remote monitoring centre in Bangalore.

With IBM's Cloud VSR, we can replicate entire systems in

real-time including system files, databases, applications and user data, in a way that is independent of the make and model of the underlying hardware.

In the event of unexpected downtime, Ujjivan can restore 100% functionality within minutes, as opposed to the average recovery time of 8-12 hours.

### Deployment of Handheld Devices

To improve accuracy of data gathered and simplify a number of internal processes, tables and mobiles have been introduced both in offices and in the field.

Customer acquisition, loan underwriting and loan processing are made easier through the use of tablets and the Artoo System. The Artoo System offers a number of overall business improvements, including workflow automation, customer qualification and real-time visibility into sales efforts.

Field transaction data is captured using mobile phones and the Trucell System. The system supports transactions related to repayment collection, field collection, attendance and Loan Utilization Checks (LUCs) in both online and offline modes.

## DMS and Workflow System for Loan Processing

Our momentum in growth has resulted in the need to capture more data and establish new processes to meet regulatory requirements. To meet these requirements, we use IBM Filenet, the most robust software for DMS, Content Management, Workflow and Process Management.

This has eliminated movement of physical documents between departments for loan processing. Workflow Management ensures that digitized version of customer documents are moved between departments as required, based on a set of logical rules. Credit Rule Checking and the extraction of Credit Bureau Reports are also automated.

This Workflow and Document Management System for loan processing has been implemented in all 4 regions and all Ujjivan branches are benefitting from online, real-time transaction processing. The change has also facilitated productivity measurement, leading to reduced turnaround time and a manifold increase in productivity.

## Core Banking Solution for Micro Finance Business

We use BR.Net as our Core Banking Solution (CBS). It is structured and fully customized around the most important element of our business – the customer. It is a platform in which communication and information technology are merged to suit our 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 in the field.

## Use of Linux and Open Source Software

To balance IT requirements with cost efficiency, our IT Department has deployed open source software where possible. This includes Linux operating systems in branches, which offers smooth operations and cost savings. An open source email solution has been deployed as the communication system. And, open source software is also used for the Help Desk System and Complaint Management.



# Service Quality – Customer Care, Retention and Protection

Ujjivan's Service Quality Program has evolved constantly from 2010 and contributed a variety of customer care, service and client protection projects every year.

## Service Quality over the Years

In 2010, we started the unique concept of Customer Care Representatives placed at branches to handle customer service issues and to achieve higher customer retention rates. We also set up a national toll-free multilingual helpline for our customers.

In 2011, we rolled out a Financial Awareness Program for our customers. We screened the Sankalp video to over 600,000 customers, which involved two short stories based on real-life situations of typical microfinance customers facing ill-effects of multiple borrowing and ghost-lending. This was followed by a session on awareness on the importance of maintaining positive credit history as the MFI sector was required to use credit bureau systems.

In 2012, we successfully rolled out multiple repayment window options for customers to choose any of the first 3 weeks of the month for their monthly repayment. This reduced the caseload for our field staff, ensuring faster, better customer service.

In 2013, we implemented comprehensive Code of Conduct and Client Protection Principles by adopting the guidelines of Reserve Bank of India, MFN's (Micro

Finance Institutions Network) Code of Conduct and Smart Campaign's global standards of Client Protection Principles. We became the first of only a handful of MFIs in India to be certified by Smart Campaign for our standards of care in implementing all of the Client Protection Principles through our operations, product offerings and treatment of clients.

In 2014, we partnered with professional call centres for outbound service calls to customers, with the objective of seeking feedback proactively from our customers and to work on improving our services and products.



## Key Highlights and Achievements of 2014-15

Our initiatives over the years have shown tremendous positive results in customer connect and retention. We have strengthened customer retention programs and the fair practices and grievance redressal mechanism which we have built over the past few years.

The key highlights and achievements of this year are:

Our customer retention rates increased to **87%**, Ujjivan's highest till date

More than 120,000 dormant and dropout customers were met by Customer Care Representatives (CCRs) for exit interviews and **47% (56,000+)** were retained

We are accredited with **93% scores - "Excellent Adherence"** - in the Code of Conduct Assessment (COCA), an evaluation performed by independent rating agency. This is an improvement from the last two assessments, which were 91% and 87% respectively

We attended and resolved **84,459** customer enquiries and **1433** customer grievances through our grievance redressal channels

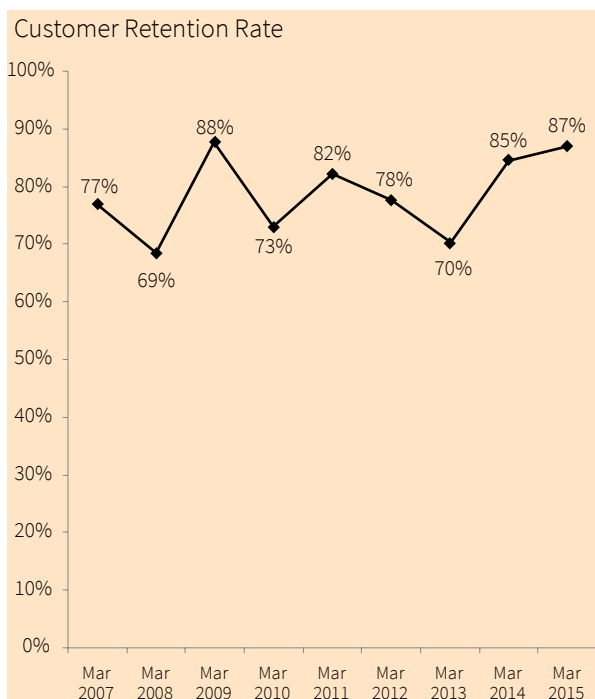
Ujjivan's supervisory team from all departments visited **126,500+ centres**, to seek client feedback directly from the field



## Customer Retention Programs

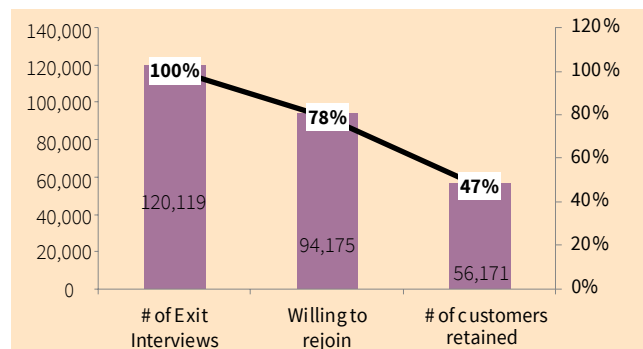
During the year 2014-15, we recorded our highest customer retention rate of the last five years, as shown in the following figure. Ujjivan emphasizes long-term relationships with customers. This is imperative to ensure meaningful impact while helping them alleviate poverty through financial services.

We observed 20% to 30% customer dropout rates year-on-year during 2010-2013. Half of this was attributed to the post-AP crisis period due to selective credit and tight controls on multiple borrowing. Ujjivan was able to get back on track with a healthy customer retention rate in the last 2 years, up by 15% in FY 2013-14 from 70% to 85%, and by 2% in FY 2014-15 from 85% to 87%.



The key drivers of this retention rate were innovative field, credit and back-end process supplemented with strong, comprehensive service quality programs such as:

- Ensuring that customer care representatives met over 120,000 inactive customers. This ensured that 47% of them were retained
- Introducing the Public Ka Champion program, a rewards and recognition program for field staff who retain clients
- Implementing strong, independent credit approval systems to control customer over-indebtedness
- Implementing innovative field and back-end processes i.e. pre-approved loans and reduction in loan turn-around-time through document management system (DMS)
- Setting up a strong customer feedback and grievance redressal mechanism to proactively resolve service issues
- Ensuring greater transparency of our services, terms and conditions which are effectively disseminated to customers through various channels



Number of Exit Interviews Conducted by CCRs during FY 2014-15 and Retention Percentage

**Note:** 94,175 customers expressed their willingness to rejoin. Of these, 38,000+ customers were not retained due to multiple borrowing, bad credit history, migration and other reasons.

## Fair Practices Code and 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 to constantly review the functioning of grievance redressal system.

Ujjivan follows various guidelines issued by the Reserve Bank of India (RBI) on Fair Practices Code for NBFC-MFIs and has also adopted Industry Code of Conduct developed by MFIN (Microfinance Institutions Network). Ujjivan also endorsed 'Smart Campaign'; a global initiative committed to embedding strong client-protection practices into the microfinance industry, and has implemented adequate global standards of Client Protection Principles.



## Grievance Redressal Mechanism at Ujjivan

Ujjivan has adopted a well-structured client grievance redressal mechanism and provides customers with a reliable and easily accessible interface for timely and fair resolution of enquiries and complaints. The policy aims to minimize instances of customer complaints through proper service delivery and review mechanisms. Ujjivan provides multiple levels of contact and escalation points for customers to ensure that their queries are resolved promptly.

### Customer Care Representatives (CCRs)

We have 295 CCRs working in mature branches (70% of all Ujjivan branches) as the first point of contact for customer query resolution. Due to low literacy rate and their backgrounds, our customers found it more comfortable to have a face-to-face conversation, rather than call a remote help desk. As a result, we have prioritized the placement of CCRs in all mature branches.

### Toll-free Customer Helpline

A 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 multilingual Help Desk and services both internal and external customers.

### Grievance Redressal Officer

Each Regional Office has a Grievance Redressal Officer (GRO) for third-level escalations. The 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 the status of customer grievances is periodically reviewed at various levels of Management and the Board for decision making and minimizing complaint incidences.

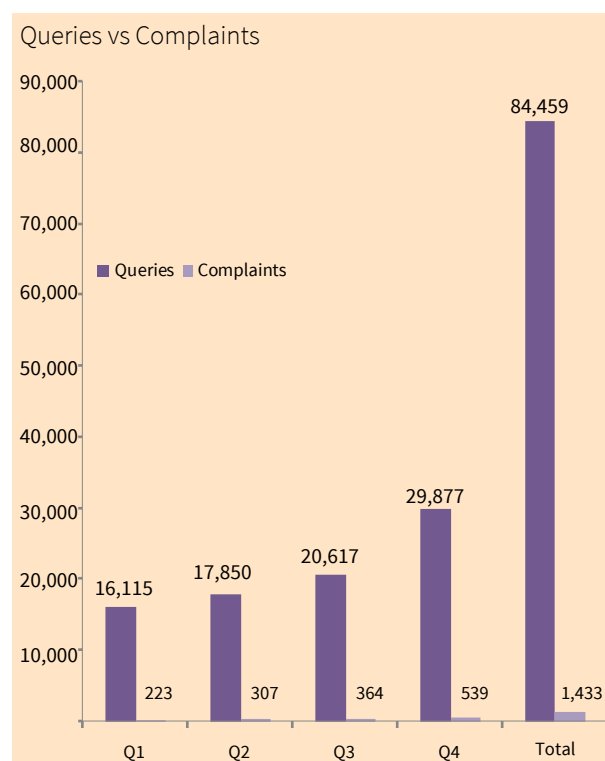
### Staff and Customer Education on Code of Conduct and Grievance Redressal Mechanism

To ensure effective implementation of Code of Conduct and Grievance Redressal Procedures, we introduced several initiatives to educate our customers and field staff during the last couple of years.

- Our field staff were trained on Code of Conduct and Grievance Redressal Procedures, and their role in effective implementation of Client Protection Principles (CPPs) through sharing best practices and role plays on real life situations
- Posters on Code of Conduct and Grievance Redressal Procedures have been prominently displayed at all branch premises in vernacular languages. The same are present on our website as well

- Helpline numbers have been displayed in communication, such as on the loan card and loan agreement, along with other disclosures as per the transparency standards of RBI and Smart Campaign's Client Protection Principles
- 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 (to keep loan cards secure) with printed instructions covering the complaint escalation matrix and customer instructions (Dos and Don'ts) have been distributed to all customers during disbursements

Our efforts at customer education during the last two years have paid off with a steady increase in the number of customers approaching our grievance redressal channels for their queries. We have observed number of grievances reduced against overall number of customer enquiries (see the following figure) as a result of resolving customer service issues proactively.



## Outbound Call Centre – An Alternate Channel for Customer Relationship Management

As part of our continuous mission of providing best-in-class customer service, the Service Quality Department initiated outbound calls for customer service and retention. We have partnered with professional BPO service providers to outsource our Call Centre Program in each region. The service providers we engaged include Vindhya E-Infomedia Pvt Ltd, Bangalore, a socio-economic BPO venture employing differently-abled individuals, and Indian Association for the Blind, Madurai, employing visually-impaired individuals. Currently, we have 45 telecallers deployed at 5 call centres across India.

We instituted the practice of making welcome calls to all customers post loan disbursement. The objectives of this initiative include:

- Welcoming new customers to Ujjivan and thanking repeat customers for their loyalty
- Verifying the accuracy of important data points provided by the customer and cross-verifying the purpose of the loan
- Checking customers' understanding of fees and charges, EMI amount, repayment dates, etc.
- Seek feedback proactively on our product and services, including customer satisfaction on loan application process
- Checking on grievances, instances of commissions/ bribes being paid by customers and ghost lending

We will expand the outbound call centre program further in the next year, as an alternate channel for customer lead management, service, collection and retention.



## Service Quality Awards

### Celebrating the Champions of Customer Service

At Ujjivan, we often hear stories of employees who go beyond the call of duty to offer our customers outstanding service. This dedication to serve our customers to the best of our capacity forms the core of Ujjivan's mission.

To recognise these employees and celebrate their exceptional service, we instituted the Service Champion Award program in June 2010. The award consists of a merit certificate, a letter from the Managing Director and a cash gift. The winner is also recognised in our monthly newsletter, the annual diary given to employees and individual emails from the National Leadership Team. So far, 76 champions have been recognised for their dedication and 16 were during FY 2014-15.

**Bhanupriya AM, FLP Trainer; and Bhuvaneshwari, Senior CRS: Lingarajpuram Branch (Bangalore, Karnataka)**



**Ashwini Rajesh Gangadhar, CCR and Dinesh Hembade, FLP Trainer: Pune South Branch (Pune, Maharashtra)**



### Chinnaponnu

Chinnaponnu is a 45-year old widow who stays with her son. Her monthly earnings come from a small sugarcane juice business. An accident with the sugarcane machine cost her a limb, a terrible tragedy for the family's only breadwinner. However, Bhuvaneshwari, one of Ujjivan's customer relationship staff, referred her to the Parinaam Foundation. From there, Bhanupriya from Parinaam, was able to identify a private company manufacturing artificial limbs — and secured one for Chinnaponnu at no cost.

### Maria

Maria, another Ujjivan customer and a tailor, is her family's sole breadwinner because her husband is visually impaired. Maria, her husband and their child were all suffering from diabetes and were forced to spend Rs. 1,500 a month on medicines alone! Once again, Bhuvaneshwari referred the case and Bhanupriya helped the family secure free treatment and medicine from an NGO.

### Sangita More

Sangita More is a first-cycle Ujjivan customer from Pune, South. Last year, during the rainy season, a wall in her house collapsed – burying Sangita under debris. Her neighbours managed to extricate her and rushed her to the hospital. Unconscious on arrival, she was swiftly moved to the ICU. Investigation revealed that she had sustained a spinal fracture and without immediate surgery, she would be paralysed for life. The cost of the operation was Rs. 200,000, which her family could not afford.

Ashwini Gangadhar, an Ujjivan CCR, referred the case to the Parinaam Foundation. Dinesh Hembade from Parinaam conducted an investigation and learned of the PMC scheme – which allowed the bearer of an Arogya Mitra card to reduce medical expenses by 50%. Knowing that Sangita's family would be busy with matters at the hospital, Ashwini and Dinesh took it upon themselves to complete the formalities required. The cost of Sangita's surgery was reduced to Rs. 100,000 and her family organized the required funds successfully. Sangita herself escaped the accident without lasting injury and is grateful to Ujjivan and Parinaam for their assistance.

## Code of Conduct Assessment

Ujjivan underwent Code of Conduct Compliance Assessment during February-March 2015. Previous assessments were conducted in 2011 and 2014.

This year's assessment was conducted by M2i Consulting, an independent agency, using the COCA Compliance Assessment Tool. This tool requires scores to be assigned to 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. And the scores themselves are assigned based on 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 and scores the MFI for compliance with RBI's guidelines. 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 93% (129.3 out of 139) on seven CoC dimensions and 100% (12 out of 12) on adherence to RBI directions which denotes 'Excellent Adherence'. Composite COCA scores have improved by 2% (up from 91%) from 2014, and by 6% (up from 87%) from 2011.

| Sl. No. | Code of Conduct Dimensions                | Rating     |            |            |
|---------|---|------------|------------|------------|
|         |   | 2011       | 2014       | 2015       |
| 1       | Client Origination and Targeting          | 88%        | 90%        | 89%        |
| 2       | Loan Pricing                              | 80%        | 85%        | 85%        |
| 3       | Loan Appraisal                            | 92%        | 88%        | 93%        |
| 4       | Client Data Security                      | 88%        | 88%        | 94%        |
| 5       | Staff Conduct                             | 97%        | 90%        | 94%        |
| 6       | Client Relationship and Feedback          | 71%        | 96%        | 97%        |
| 7       | Integrating Social Values into Operations | NA         | 98%        | 98%        |
|         | <b>Total</b>                              | <b>87%</b> | <b>91%</b> | <b>93%</b> |
|         | RBI Directions                            | NA         | 100%       | 100%       |



# Operational Efficiency Initiatives

## e-Learning

At Ujjivan, we pride ourselves on our training programs and continuously look for ways to help our employees enjoy learning. One such initiative, is the introduction of an eLearning module for Cashiers.

Combining video-based presentations with professional narration, the eLearning module makes individual learning as fun and effective as the classroom. And, by making the training available on-demand, we can train more people than ever with a single investment. The module also offers a built-in system for assessments, to help us understand the effectiveness of the training.

We see this as the first of many such initiatives, to help employees enjoy developing their skills and capabilities – while making training more efficient at the same time.

## App-based Customer Management

Ujjivan's tremendous increase in customers over the last year, meant that our Customer Relationship Staff had their hands full. To help our staff manage the load and still give customers the personal touch they expect from Ujjivan, we introduced Truecell – a mobile app to manage repayments and customer service.

We have rolled out Truecell across India and more than 65% of our customer relationship staff have been trained to use it. The current status of the program is as follows:

| Region | Trained | Pending | Total |
|--------|---------|---------|-------|
| South  | 113     | 8       | 121   |
| North  | 34      | 74      | 108   |
| East   | 86      | 36      | 122   |
| West   | 48      | 27      | 75    |

An added advantage is that the app is expected to reduce paper consumption by 50%, and reduce consumption of printer toner and electricity as well – making this a first step in Ujjivan's 'Go Green' initiative.

## Scanners in Branches

With 423 branches across India, our need for smooth, swift transmission of information has never been greater. Previously, we relied on courier services to transfer documents between offices. Now, as we expand to increasingly remote locations to better serve our customers, accessing courier facilities is becoming challenging.

To overcome this, we installed scanners in the branches that needed them most, efficiently connecting 30% of our offices. Not only have we reduced – and in some cases, even eliminated – the cost of couriers, but we have also dramatically reduced processing time by 4 to 5 days. The distribution of scanners in our branches is as follows:

| Region | Branches |
|--------|----------|
| South  | 3        |
| North  | 19       |
| East   | 42       |
| West   | 63       |
| Total  | 127      |

## Cashless Disbursement

Last year, we took a pan-India leap towards financial inclusion by bringing more customers into the banking system through cashless disbursements. Not only do our customers enjoy the sense of empowerment that comes with performing basic banking transactions independently, but there are benefits for us as well.

Our cash-in-transit risk reduces significantly, and branch staff can spend their time more productively – before, they were counting cash. So from last year, our target has been to scale up to cashless disbursements for 80% of our customers over time. This year, we have moved closer to that goal.

We processed a total of 21.73 lakh loans – and 9.76 lakh were cashless. With 44.91% of all disbursements being cashless, we have crossed the halfway mark in just one year.



## Cashless Repayment

When we ran our Electronic Clearing System (ECS) pilot across all regions last year, we were in the process of breaking new ground. Although ECS is common in banking, our pilot was a first for the MFI industry. And, it is especially relevant for our customers.

Many are small entrepreneurs or belong to the working class, and have trouble visiting the branch to make EMI payments in cash. ECS was also a logical step towards helping our customers manage their finances better.

With an overall success rate of 70.38% and a total of 66,319 enrolments, our cashless repayment facility has been well-received indeed.

| Region | ECS/ACH Enrolment | Successful | Success % |
|--------|-------------------|------------|-----------|
| South  | 17,003            | 9,788      | 57.56%    |
| North  | 5,213             | 2,994      | 57.43%    |
| East   | 40,679            | 31,500     | 77.44%    |
| West   | 3,424             | 2,396      | 69.97%    |
| Total  | 66,319            | 46,678     | 70.38%    |

## Back Office Processing Time

Continuous improvement is an integral part of Ujjivan, and we carry that thought to all aspects of our operations. One focus area for improvement was faster back-office processing – a goal that we achieved, with reductions ranging from 22% for new group loans and more than 50% for individual loans.

(Average number of days)

| Loan Type         | April '14 | March '15 | Improvement |
|-------------------|-----------|-----------|-------------|
| Group Loan New    | 2.80      | 2.10      | 25%         |
| Group Loan Repeat | 3.19      | 2.48      | 22%         |
| Individual Loans  | 6.27      | 3.01      | 52%         |

Faster processing of individual loans also aligns with our goal of financial inclusion and greater emphasis on individual lending – allowing us to ensure that customers have access to the finances they need as quickly and efficiently as possible.

# Awards and Recognition

Our continued commitment to excellence has resulted in recognition from many industry-leading authorities. In the previous year, we were ranked among India's top 10 companies to work for, received an award for innovation in responsible business, and were recognised for our commitment to customer protection and social performance. FY 2014-15, was no different.

## 9<sup>th</sup> Best Company to work for in India, 2<sup>nd</sup> Best in the Financial Services Industry

Great Place to Work® is the world's largest and most respected employee survey, representing over 10 million employees in 45 countries. And, for the second year in a row, Ujjivan has made it to the top 10 list.

Only five of last year's top 10 have remained in the list



Top 10 companies to work for in India

– just two of these are Indian companies and we, are one. And, not only are we ranked 9<sup>th</sup> in all of India, but we have

also kept our No. 2 spot in the list of top 10 financial services companies to work for.



## 16<sup>th</sup> Best Place to Work in Asia

Our high ranking in the Great Places to Work survey, extended beyond India's borders this year. For the first time, we have made our way to the top 20 in all of Asia! A true milestone for us, we took the 16<sup>th</sup> spot – placing us second among the other Indian companies on the list.



The award is a reflection of our effort to build a truly rewarding workplace for our employees, with a focus on trust, pride and camaraderie. But we have no intention of resting on our laurels – having achieved this milestone only means that we need to work harder to sustain and further improve the strengths of our workplace culture.



## Inc. India Magazine's Winner in the 'Innovator in Responsible Business' Category

Inc. India's Innovative 100 list was first launched last year, to recognise and reward innovative mid-sized companies in India. Ujjivan immediately made history by being the very first winner in the Innovator in Responsible Business category. This year as well, only companies that demonstrated a fresh, intelligent approach to addressing business problems have found their way onto the list. And, once again, Ujjivan has been chosen the winner in the Innovator in Responsible Business category.



## Most Inspiring Workplace in the NBFC Sector

Banking Frontiers, a monthly magazine published by Glocal Infomart Pvt. Ltd., organized the Inspiring Workplaces Awards, to recognise organisations whose functioning transcends policies and processes. Places in which employees are given the opportunity and inspired to contribute their talents to the best of their abilities.

In keeping with this, there were four categories of awards: Best HR and Talent Practice; Best HR Practitioner; Best HR Technology; and Best Inspiring Workplace. Nominees for the awards include public sector banks, private banks, insurance companies and NBFCs with a host of achievements to their credit. And, from among the prestigious group, Ujjivan was chosen for the Most Inspiring Workplace Award in the NBFC sector.



# 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 serves as the President of Microfinance Institutions Network (MFIN), Chairman of Association of Karnataka Microfinance Institutions (AKMI) and is a Board Member of Women's World Banking (WWB). He is an alumnus of Jadavpur University and Wharton School.

*"In November this year we cross a significant milestone: our 10<sup>th</sup> anniversary. We are keeping our fingers crossed to transform into a Small Finance Bank. In case it does not happen this time, we will continue our spectacular journey as an NBFC-MFI and take opportunities as they come."*



**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 compliance in private and public limited companies. She has been included on the CFO 100 Roll of Honour for 2013, awarded by CFO India. She is also a qualified Cost Accountant and Company Secretary.

*"Ujjivan constantly innovates to reach greater heights and wider horizons. Exciting times are ahead, bringing both challenges and opportunities in abundance!"*



**Jolly Zachariah,**  
Chief Operating Officer  
- West

Jolly came to Ujjivan inspired by our mission. He had 22+ years of International Banking experience with Citibank, specializing in retail banking where he managed consumer banking and cards businesses of diverse scope and scale across geographies in India, Middle East, Africa, Europe and North America. His last assignment was with Citigroup's Citicards as Senior Vice President and Director, Agent and Affinity Banking, New York. He has been instrumental in establishing Ujjivan as the microfinance provider of choice, since the start-up of our business in the West region.

*"As I look at the future, I see Ujjivan expanding the scope, scale and impact on the lives of people who are financially excluded from the mainstream. The ambition of being a specialized bank could help unleash human potential by addressing the diverse financial needs of individuals and small businesses, which will take India to the next level, much like it did (once before) with the advent of retail banking in India."*



**Carol Furtado,**  
Chief Operating Officer  
- South and North

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.

*"I see Ujjivan as the leader in financial inclusion helping customers build better lives."*



**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 operation in East. In January 2014, he was appointed Chief of Staff for the Eastern region and was promoted as COO – East in April 2014. Abhiroop has a PGDM-Rural Management from Xavier Institute of Management, Bhubaneswar.

*“Ujjivan has kept us excited every single day. Opportunities came our way and we conquered. Several more are to come - and we are ready!”*



**Ittira Davis**  
Head - Transition

Ittira is an international banker having worked extensively in the Middle East and Europe. He has over 36 years of corporate and investment banking experience, having arranged syndicated and structured facilities for several corporate, institutional and sovereign borrowers. He developed the ‘Bridge to MENA’ strategy for Arab Bank Group. He has worked with Citibank in India and the Arab Bank Group in the Middle East and Europe. Ittira is a graduate of Indian Institute of Management, Ahmedabad (1976), and has been based in Bangalore since November 2012.

*“A promising future – Ujjivan will continue to make a difference in financial services.”*



**Rajat Singh,**  
Head - Strategy  
and Planning

Rajat has been with Ujjivan since 2007. As a financial analyst, his first assignment was to build and expand the organisational finance function. He was instrumental in developing and implementing organisational budgeting processes and basic business analytics structures. In June 2010, he was appointed Chief of Staff, East region. Soon, he was promoted COO – East. In April 2013, he was transferred to the North region as Chief Operating Officer. In December 2014, he was appointed Head of Strategy and Planning. He has a B.Tech degree in Agricultural and Food Engineering from Indian Institute of Technology, Kharagpur.

*“Ujjivan will actively pursue emerging technologies to achieve its objective of reaching out to millions of financially excluded people. I see Ujjivan leading the creative disruption in product development, delivery channels and service quality that will pave way for the last mile delivery in financial inclusion.”*



**Martin Pampilly,**  
Head - Operations  
and Service Quality

Martin has over 13 years of retail banking experience with ANZ Grindlays, Bank Muscat and Centurion Bank. He was a core member involved 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. In May 2013, he became COO – East, before taking over as Head - Operations and Service Quality. Martin is a Computer Science graduate from St. Joseph’s College, Bangalore.

*“We are a customer-centric organisation; we have been seen as a responsible lender, working to become a trusted partner.”*



**Alagarsamy AP,**  
Head - Audit

Alagar is a Banking and Financial Services professional with over 20 years of experience in sales, credit, risk and audit. He 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. He is a Management Graduate from Osmania University, Hyderabad.

*“A number of recent developments in the MFI sector like the launch of MUDRA Bank, RBI easing the lending norms for MFIs and the possibility for MFIs to become a Small Finance Bank, point to an exciting future for Ujjivan and its customers. I foresee Ujjivan transforming into a Small Finance Bank offering a wide variety of financial products and significantly expanding its geographical and customer outreach, while retaining its core mission of serving the unserved and underserved segments of the society.”*



**Sunil Kutty**  
Head - Human Resources

Sunil has over 25 years' experience, having worked in IT and NBFC industries, with organisations like Datapro, Kale Consultants Ltd, KPIT Cummins Ltd, Tata Capital and Nelco. Sunil started his career in IT training before moving on to managing and supporting profit centres. Subsequently, he has led HR practices in learning and development, performance management systems, employee engagement, talent acquisition and management before leading the HR function in the last five years. Sunil is a Commerce graduate and holds a Management degree from Pune University.

*“Ujjivan is a purpose-driven organisation where the field force engages with customers to bring financial transformation in their lives. To make our employees succeed is to make our customers succeed immensely. Every business or people practice that we develop is aligned to this mission. That's what makes Ujjivan a great place to work.”*



**Deepak Ayare**  
Chief Information Officer

Deepak is an IT professional with 25 years of experience in different aspects of Technology. He worked in the Gulf and in East Africa for 14 years. Deepak joined Ujjivan in 2008. He is a strong believer in IT alignment with business goals and in achieving these goals using mix of technology standards and open source technology with better ROI. His expertise is implementing ERP and developing business systems for organisations with different business verticals. His core strengths are clear IT vision, cost saving with open source technology, team building and vendor management. He is a graduate from Mumbai University with a Post Graduate Diploma in Computer Science. He has excellent knowledge about animal husbandry and different agriculture-based small scale business projects.

*“I think Ujjivan will be the fastest-growing, technology-driven, leading Small Finance Bank of the future, working for the development of society.”*



**Premkumar G,**  
Head - Vigilance  
and Administration

Prem has over 14 years of experience in senior administration positions with One World Hospital and Paul D'Souza and Associates, a leading law firm. Prem joined Ujjivan in 2006 and led Administration. In 2012, he set up the Vigilance Department and heads the function with a focus on preventive vigilance. Prem holds a Commerce degree and is a professional member of International Facility Management Association (IFMA).

*“As Benjamin Franklin said ‘I am for doing good to the poor, but I differ in opinion about the means. I think the best way of doing good to the poor is not making them easy in poverty, but leading or driving them out of it.’*

*I have seen this quote in practice here at Ujjivan. With the first level of strong ground work (ear-to-ground) during the last 10 years, pioneering urban microfinance in the country and so many positive changes in the financial sectors, achieving our mission of providing varied range of financial services does not seem to be an uphill task. But the activities that will be carried out in this space will be very interesting and will have a lot of learnings.*

*In my opinion, we (Ujjivan) will be the forefront and others will follow.”*



**S. Aryendra Kumar**  
Head - Housing Finance

Aryen is an Engineering Graduate with an MBA and has over 22 years of professional experience. His experience is a blend of business and people management, that includes working in different types of large organisations and different functions, with varied work cultures and the capability to manage large team.

His experience is spread across mortgage finance businesses, business analysis and consultancies related to consumer finance in large IT firms in India and abroad. He also managed the critical function of Human Resources in an IT firm.

His mortgage finance exposure includes rural, semi-urban and urban markets both in formal and informal segments, with leading institutions like Vysya Bank, SBI, Citibank and Tata Capital. His last assignment was with Tata Capital Housing Finance as Head Mortgages, responsible for building a profitable business.

Aryen joined Ujjivan in September 2014, to set up the Housing Finance business.

*“Ujjivan’s strength is in understanding the requirements of the segment it caters to – with dedicated people, processes and innovation. In the years to come, Ujjivan will emerge as financial supermarket for middle and lower middle class segment of India.”*



**Sneha Thakur,**  
Head - Credit

Sneha 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, she was appointed 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. Sneha has an MBA in Finance from SDM, Mysore.

*“I see Ujjivan setting new standards in the financial industry by using contemporary technologies coupled with its expertise of dealing with the informal segment. In the next 10 years, I see Ujjivan as one of the largest and most well-respected institutions, not just in the financial industry but amongst the customer segment as well!”*



**Murli Manohar,**  
National Program  
Manager -  
Individual Lending

Murli comes with work experience of more than a decade, distributed between government and private sectors. He was with ICICI Bank until February 2013 where his last assignment was in Small Enterprises (Finance) Group. In ICICI Bank, apart from business, he worked on projects such as Govt., SLBC and RBI relations and Priority Sector Lending Coordination for Gujarat, MP, Chhattisgarh and parts of Rajasthan. Post the merger of the erstwhile Bank of Rajasthan with ICICI Bank, he was part of a team which worked on PSL portfolio integration in southern Rajasthan and Gujarat. He studied economics and education before joining Xavier Institute of Management-Bhubaneswar, from which he graduated in 2008 with a gold medal in PGDM-Rural Management. He has interests in the areas of financial inclusion, MSE finance and business development.

*“I see Ujjivan reaching out to many millions of households which are financially underserved today. Ujjivan should be able to make significant differences in their lives through its products and services.”*

# Management Discussion & Analysis

FY 2014-15 has been a golden year in Ujjivan's history with excellent growth in business, efficiency and customer outreach enabled by various product level initiatives, technology and other initiatives across key areas and operations.

The salient achievements of the year are as follows.

## Network Expansion

73 new branches were added to the network, taking the branch count to 423. We also established footprints in the states of Tripura and Chhatisgarh, becoming one of the most diversified MFIs, with a presence in 24 states and union territories. We achieved 100% growth in business volumes and 148% growth in new customer acquisition. Two product-level initiatives - Rishta Loans and Akarshan Loans - enabled significant additions to both customer outreach and business. A record 10 lakh new customers were added to the Ujjivan family, triggered by Akarshan Loans and special campaigns. The Rishta Loans, a short-term offering to repeat customers with good credit history, to help address their needs for funds during the festive season, added an impressive Rs. 300 crore to the portfolio.

## Individual Loans

Our Individual Lending business witnessed a significant 200%+ growth over the previous year with product rationalization, new branch additions, new product launches (Agri and Higher Education Loans) and a foray into the secured lending arena with the launch of Secured Business loans and Secured Housing loans in a pilot phase. Graduation of GL customers to IL continued to be the main engine of IL business growth. The business was enabled with a strong, well-trained IL Team.

## Efficiency

Ujjivan continued to focus on operational efficiencies including improved Turnaround Time (TAT) and enhanced customer retention measures such as welcome calls from call centres and exit interviews. This resulted in increased customer retention (from 85% in Mar-14 to 87% in Mar-15). The operating expense ratio was contained at 8.4% through prudent expense management.

## Profitability

Ujjivan's strong growth momentum ensured robust business and profitability. Ujjivan's pre-tax profits closed at Rs. 114.5 crore and post-tax profits at Rs. 75.8 crore for FY 2014-15.

## New Initiatives

Ujjivan outsourced its data centre management and payroll processing for better efficiencies. For faster and more accurate processing of IL applications, Ujjivan has rolled out handheld devices/touchscreen tablets for field staff. With a view to maintaining continuous relationship with customers and seeking their feedback proactively, Ujjivan launched outbound calls to clients by partnering with professional call centre service providers across regions. Focus on marketing and promotional activities was a key highlight of the year. Evangelical marketing campaigns and fairs helped create product awareness and boosted our volumes. We launched several rewards and recognition schemes (Public ka Champion, IL referral campaigns, etc.) to reward the efforts of excellent performers. Additionally, sales training, sales contests and a good MIS galvanized the field staff towards stellar performance.

## Staff Retention

Ujjivan is recognized as one of the best employers by Great Place to Work Institute. We were selected the 9<sup>th</sup> Best Place to Work for in India (2<sup>nd</sup> Best in Financial Services category) and 16<sup>th</sup> Best in Asia. Aligned to our focus on developing human capital, Ujjivan has ensured comprehensive training and capacity development programs, and mandatory field exposure across various functions, as well as strengthened controls on recruitments through candidate profiling and background checks. Further, to retain top talent, Ujjivan also launched a deferred compensation scheme. Staff retention rate was at 83% for this financial year.

## Regulatory

The RBI guidelines on Small Finance Bank opened up a vista of opportunities for the sector. Ujjivan submitted the application for the Small Finance Bank License to the RBI in February 2015 and looks forward to positive development in the next two quarters.

## Capital Raise

Ujjivan witnessed one of the most successful capital raises in the sector at Rs. 600 crore (Rs. 589 crore during the financial year) including secondary transactions worth Rs. 300 crore (Rs. 289 crore during the financial year) from existing and new investors. The continued support of existing investors with quality governance, endorsing their confidence and faith in our financial inclusion model and in the sector is indeed a matter of great strength and pride. Investors, both individual and institutional, have had returns on their investment ranging from 14.6x to 2.5x depending on the timing of their investments since inception.

## Awards

Ujjivan has consistently been recognized as a best-in-class institution, in relation to providing customer-centric services, offering employees a fulfilling career, social performance, transparency and innovations. Key rewards and recognition for the year include:

- Innovator in Responsible Business Award by Inc. India Magazine in the Responsible Business Category
- Ranked 16<sup>th</sup> Great Place to work in Asia and proudly positioned 2<sup>nd</sup> among Indian companies
- Most Inspiring Workplace award in the NBFC sector by Banking Frontiers, a monthly magazine published by Global Infomart Pvt. Ltd.
- Ujjivan ranked 9<sup>th</sup> overall and 2<sup>nd</sup> in the Financial Services sector as the Best Company to Work For – one of the only two Indian companies retaining its position for two years in a row



# Operational Performance

## Key Operational Performance Indicators

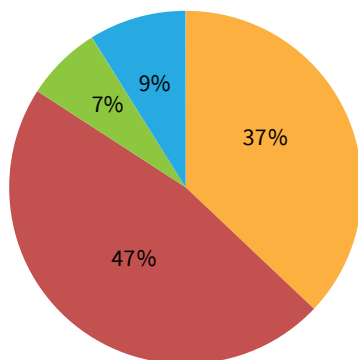
| Key Business Metrics  | FY 2014-15 | FY 2013-14 | % Increase over PY |
|---|------------|------------|--------------------|
| Branch Network  | 423        | 350        | 21%                |
| Disbursement (Rs. Crore)                                      | 4,328      | 2,105      | 106%               |
| New Customer Acquisition                                      | 1,075,357  | 433,479    | 148%               |
| Borrowers   | 2,196,261  | 1,297,131  | 69%                |
| Total Outstanding Portfolio (Rs. Crore)                       | 3,218*     | 1,617      | 99%                |
| Group Loan Portfolio Outstanding (Rs. Crore)                  | 2,875      | 1,504      | 91%                |
| Individual Loan Portfolio Outstanding (Rs. Crore)             | 343        | 113        | 204%               |
| Individual Loan Portfolio as % of Total Portfolio (Rs. Crore) | 10%        | 7%         | 50%                |
| Employees   | 7,089      | 4,667      | 52%                |
| Profit after Tax (Rs. Crore)                                  | 75.8       | 55.0       | 38%                |

\*excluding securitized portfolio of Rs. 55.4 crore

## Business Growth

### Disbursement Composition in FY 2014-15

■ New Loans GL ■ Repeat GL ■ Loyalty ■ IL



Ujjivan's growth story started in July-14 with the launch of Rishta Loans (Loyalty Loans), a product designed specifically for existing customers with good credit track record, to enable micro-trade facilitation during the festive period. The product was a great success, adding around Rs. 300 crore to Ujjivan's business. Our portfolio has grown by a massive 100% over a period of one year from March 2014 and closed at Rs. 3,218 crore.

Ujjivan also launched Aakarshan loans, a first-of-its-kind in the industry, whereby ticket sizes of the first cycle loans were decided based on the customer's credit history with other MFIs. The product helped Ujjivan acquire new customers in highly competitive areas, leading to a 148% increase in new customers over a period of one year while the borrower base crossed the important milestone of 2 million borrowers.

The Individual Lending (IL) business took a significant leap with a numbers of initiatives to enhance process efficiencies. Housing and Livestock Loans witnessed

significant growth after essential product revisions. Ujjivan forayed into the Secured Lending arena with launch of Secured Business Loans and Secured Housing Loans in a pilot phase. The Secured Lending space is expected to drive growth in the IL business over the next few years. Graduation of higher vintage customers from GL to IL also helped propel the IL business forward. On the whole, the IL portfolio has trebled in the last year and now contributes to a significant 10% of Ujjivan's overall portfolio.

In addition to that, a meticulously designed Rewards and Recognition (R&R) program was initiated to build a robust sales culture across the organisation and boost business momentum. An ongoing sales contest, Public ka Champion, has become hugely popular and successful, and has been motivating staff to perform at the best. The introduction of 'Large Branch Allowance' positively impacted branches/staff handling larger portfolios. Outcomes of such programs have been encouraging as the branches focus on planning and raising this bar on performance. The effectiveness of R&R programs reflects in Ujjivan's significant business growth since July 2014.

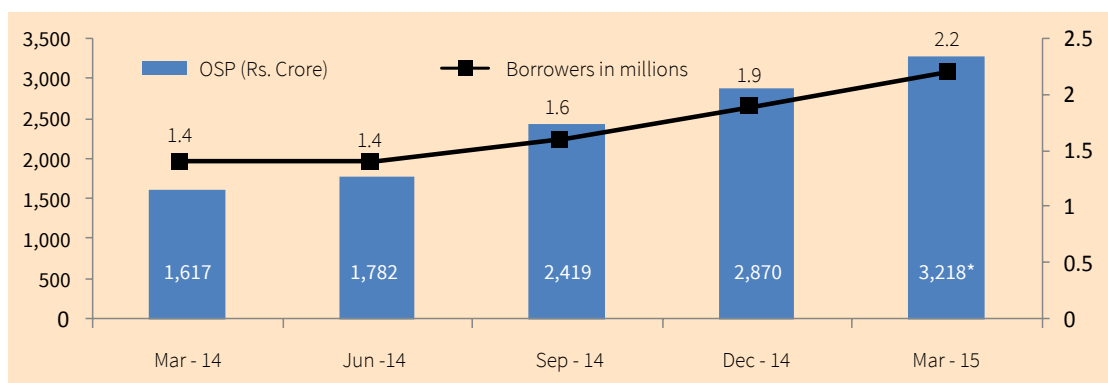
We launched a major expansion drive in FY2 014-15, adding 73 new branches to our network. This included 13 branches across Punjab, Haryana and NCR cluster, 8 in Madhya Pradesh and Chhattisgarh, 10 in the north-eastern states of Assam and Tripura, 12 in the southern states of Tamil Nadu, Karnataka and Kerala, 20 in Rajasthan, Maharashtra and Gujarat and 10 in Uttar Pradesh, Bihar and Orissa.

The 123 new branches opened in the last 2 years made a solid contribution to the growth in business volumes. The 50 branches opened in FY 2013-14 contributed to

164,000+ new acquisitions and added Rs. 361 crore of disbursement, while the 73 branches opened in FY 2014-15 acquired 144,000 new customers and added a robust Rs. 241 crore to the disbursement during the year.

Expansion of working area for increased penetration and the R&R programs were the key enablers for increased customer acquisitions in mature branches. Better TAT on account of higher proportion of pre-approved loans and the resulting improved customer retention rate led to healthy growth in repeat loan business.

Higher acquisitions, higher repeat loans at higher ticket sizes for our mature vintage customers, product level initiatives, and a sales push through rewards and recognition, ably supported by timely funding, helped sustain robust business momentum across regions over the quarters. Strategic introduction of Loyalty Loans to capitalize on the festive period demand led to a surge in volumes in Q1 and Q2.



\*excluding securitized portfolio of Rs. 55.4 crore



## Regional Performance

| Particulars                             | South   | North   | East    | West    | Ujjivan   |
|---|---------|---------|---------|---------|-----------|
| Total Branches                          | 118     | 108     | 122     | 75      | 423       |
| New Customers in FY                     | 351,946 | 242,107 | 300,277 | 181,027 | 1,075,357 |
| Disbursement in FY (Rs. Crore)          | 1,426   | 937     | 1,236   | 730     | 4,328     |
| Total Customers                         | 739,752 | 525,572 | 678,358 | 372,986 | 2,316,668 |
| Borrowers                               | 705,509 | 494,256 | 643,818 | 352,678 | 2,196,261 |
| Gross Outstanding Portfolio (Rs. Crore) | 1,040   | 708     | 905     | 565     | 3,218     |
| Growth in Portfolio over PY (%)         | 98%     | 87%     | 101%    | 116%    | 99%       |

**West:** The region doubled its portfolio in a year, crossing the important milestone of Rs. 500 crore in the process. Consistent branch-level monitoring and focus helped reduce the region's loans TAT to 4.9 days, while OER dipped to 8.5%. The region extended its footprint, opening 20 new branches during the year, expanding operations into Chhattisgarh, in addition to Maharashtra and Gujarat in which we are the MFI of choice and the market leader.

**South:** The region registered rock-solid growth in business volumes, enabled by 12 new branches and the expansion of working areas in existing branches. This boosted new customer acquisition by 136% over the previous year. The region's borrower base crossed the 7 lakh mark, an important milestone for the region. Healthy customer retention of 87.3% ensured significant increase in repeat business. The region also witnessed significant growth in IL business by graduating higher vintage GL customers to IL. The IL portfolio grew 3 times over the previous financial year and contributed to 13% of the region's total OSP. Consistent focus on operating efficiency led to reduction of turn-around time (TAT) to 5.6 days and OER to 7.6%.

**North:** The region capitalized on its hold in existing areas and mounting portfolio on the back of a tremendous 170% increase in outreach. Punjab and Haryana doubled their portfolio, while maintaining the highest credit quality in the region with the lowest PAR. The region had an IL TAT of 6 days and a customer retention rate of 87.5%. The OER for the region stood at 9.1%. The region strengthened its foothold with the introduction of 27 new branches.

**East:** The region witnessed its best 'balanced growth' year in 2014-15 with robust portfolio growth. IL grew by 257%, constituting 10% of the region's OSP. The strong business momentum and resulting growth was ably supported by an all-round improvement in its operating efficiency - Customer retention increased to 86%, OER dipped to sub 10% to an all-time low of 8.6% and the turnaround time dipped significantly to 5.3 days while the portfolio quality held up well. Staff attrition was at its lowest. A total of 14 new branches were added to the branch network. The region ventured into a new state - Tripura - with 6 branches.

## Credit Performance

Despite steep growth in volumes, Ujjivan's portfolio continued to report robust performance with a Repayment Rate of 99.89% and PAR% of 0.18% as on 31<sup>st</sup> March 2015. On-field credit underwriting through hubs for the IL business, integration of FCU (Fraud Control Unit) process with the Credit process, well-defined Loan Approval Matrix, Loan sanctioning by certified staff, stringent end-use monitoring were the key enablers for the excellent portfolio quality.

## Regulatory Compliance

Ujjivan is compliant with the applicable RBI regulatory norms. The revised RBI regulations for Qualifying Assets for the NBFC-MFIs released in April 2015 have opened up additional business possibilities tempered with requisite risk management.

## Financial Performance

Ujjivan closed a highly successful year with pre-tax profits at Rs. 114.5 crore and post-tax profits of Rs. 75.8 crore, ensuring a promising return to all our stakeholders – investors, customers and employees. After a considerable cumulative profit of Rs. 151.9 crore and the transfer of Rs. 15.2 crore to the Statutory Reserve, adjustment of Rs. 71 lakh on account of depreciation, and dividend payouts including dividend distribution tax of Rs. 5.2 crore, Ujjivan's cumulative profit stands at Rs. 130.8 crore as on 31<sup>st</sup> March 2015.

The Operational Expense Ratio further improved to 8.38% as of March 2015 vis-a-vis 8.80% in March 2014 on account of our prudent expense management, economies of scale and backend efficiencies.

## Resource Mobilization

### Debt Funding

Ujjivan's excellent fund management ensured a very comfortable funding position at all times, ably supporting the massive growth in business volumes during the year. Ujjivan significantly diversified its borrowings basket to include subordinated debt of Rs. 50 crore to match fund the asset maturity profile, essentially the longer tenure business line, securitization transactions worth Rs. 83.64 crore and non-convertible debentures of Rs. 225 crore at the most competitive rates. Ujjivan raised Rs. 2,803 crore from banks, financial institutions and alternative sources, and our borrowings outstanding as on 31<sup>st</sup> March 2015 stood at Rs. 3,121.8 crore (compared to Rs. 1,649.9 crore in the previous year).

Key focus areas for next year will be further diversification of the borrowings profile to include non-bank borrowings such as External Commercial Borrowings, and forays into the money market with Commercial Papers.

## Equity Raise

Ujjivan closed the sixth round of capital raise with Rs. 300 crore of primary infusion, and also facilitated Rs. 300 crore (Rs. 289 crore during the financial year) of secondary sales. Some of our early investors have partially divested their stake in this round. Both individual and institutional investors have had returns on their investment ranging from 14.6x to 2.5x depending on the timing of their investments since inception.

The new investors in this round include CDC Group, New Quest, CX Partners, and Bajaj Holdings & Investment Ltd., while existing investors such as International Finance Corporation and Elevar Equity Mauritius increased their stakes in the company.

Fresh equity infusion ensured that the Capital Adequacy Ratio (CAR) stood at 24.24% as on 31<sup>st</sup> March 2015 against the Reserve Bank of India's CAR requirement of 15%.

## Credit Rating

CRISIL has re-affirmed Ujjivan's grading at mfR1 in September 2014. CARE upgraded Ujjivan's Bank Loan rating to 'A' from 'A-' for its bank loan facilities of Rs. 3000 crore. The revision in the rating factors in the significant fresh equity infusion to the tune of Rs. 300 crore during FY 2014-15 which reiterates Ujjivan's excellent investor confidence for further business expansion and portfolio growth. The rating also considers Ujjivan's consistent and robust improvement in earnings and profitability for the past two years, with the increasing scale of operations and efficiency, the geographically well-diversified client portfolio with good asset quality, experienced management and well-developed portfolio management systems.



## Risk Management

Ujjivan has implemented a risk management framework commensurate to its size and quantum of operations to manage various risks including Credit, Market and Operational Risks. We have a robust Risk Management and Internal Controls system to identify, assess, monitor and manage all of these risks in accordance with well-defined policies and procedures. Committees of the Board of Directors have been constituted to oversee various risk management activities. The Risk Committee of Ujjivan's Board of Directors meets once every quarter and reviews risk management policies in relation to various risks including portfolio, liquidity, interest rate, and operational risks, investment policies and strategy, and regulatory and compliance issues in relation thereto.

Ujjivan initiated a comprehensive Risk and Control Self Assessment (RCSA) exercise across all departments in FY 2013-14. Key risk events (both potential and actual) were identified for all departments with possible causes, frequency of occurrence, evidence of occurrence, existing control measures and effectiveness of the control measures for each of the risk events. Key Risk Indicators (KRIs) were finalized for each department for areas identified as high risk. During FY 2014-15, we began monitoring KRIs for high risk areas across all departments on a monthly basis. Risk threshold breaches of the KRIs are discussed with the respective functional heads and corrective action plans documented for future review. A KRI dashboard, including risk levels for all departments, is submitted to the Board Risk Management Committee and the committee advises corrective action plans for high risk areas.

## Audit and Internal Controls

Ujjivan has well-defined Internal Audit and Control Systems in place, which look in to adherence to policies, procedures and systems. The Internal Audit plan is approved by the Board Audit Committee at the beginning of every financial year and is reviewed every quarter.

The Internal Audit Department is responsible for monitoring and evaluating the internal controls of the organisation as well as statutory and regulatory compliance. These audits cover branches and regional offices, as well as the head office. Branch and Field Audits are carried out by the employees of the Internal Audit team, while the functional audits at the regional offices and head office are carried out by an independent audit firm appointed by the Board.

## Branch & Field Audits

Ujjivan has strong, well-trained Regional Audit teams, headed by Regional Audit Managers, which carry out branch and field audits according to a pre-defined plan centred on a risk-based approach. Each branch is audited 3 to 4 times in a financial year, based on risk of the branch. These audits are very comprehensive, involving 10 to 14 man-days and cover end-to-end branch process audits, documentation audits, and field audits, which include extensive independent customer visits.

During FY 2014-15, Ujjivan rolled out a comprehensive audit process for all Individual Loan products covering both field and backend processes. These audits are carried out by a special team of IL-certified auditors and every IL branch is audited three times in a financial year.

Based on the audit observations and scores, branches are assigned audit grading separately for Group Lending and Individual Lending Businesses. The Internal Audit team also carries out other key activities such as area cross-checks for new branch openings, surveys of branch working areas, negative area cross-checks, fraud investigations, fixed assets verification and special audits.

## Functional Audits

Internal audits at Regional Offices and at the Head Office are carried out every quarter by a Board-appointed independent audit firm, 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 scope of various audits are reviewed and continuously modified to keep pace with a dynamic business environment.

A strong compliance monitoring mechanism ensures that all critical issues are tracked until closure within specified timelines. All significant audit observations of Internal Audits and follow-up actions are reported and discussed by the Board Audit Committee, which meets every quarter. Monthly audit updates are also circulated to the Board, summarizing audit trends and critical issues.

## Vigilance

With the evolution in our Secured Lending business and the continuing growth trajectory of Individual Lending (unsecured) the need was to continue to focus on Preventive Vigilance – our focus area for the previous year as well.

We successfully instituted our Fraud Control Unit (FCU), and a process to identify potential fraud at the customer acquisition stage. The FCU's learnings helped us develop a well-structured framework to prevent fraud in Individual Lending segments and help stave off the effects of identity theft, an ever-present danger to all lending institutions.

Within our Vigilance Department, we formed a Collections Unit with an integrated framework in Credit Collection to manage the loan default portfolio. A dedicated team of resources underwent their induction into the unit, and is responsible for tracking loan defaults in the Critical and NPA categories. We intend to use the learnings from the Collections Unit to further our development of Preventive Vigilance. In the previous year, we began the practice of conducting operational loss analyses and scenario analyses. The practice continued this financial year as well, helping us anticipate the possibility of losses in different branches. The result of the analyses was used for Risk Management across branches especially in Punjab, Mumbai and Gujarat. We studied the effectiveness of the Cash Collection Executives (CCEs) concept and replicated the system in high risk collection areas, largely in Uttar Pradesh.

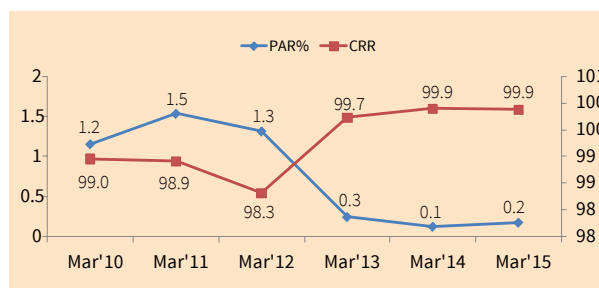
We plan to continue our focus on Preventive Vigilance in the Individual Lending business, and move on to Predictive Vigilance in Group Lending. The Key Risk Indicators, with set thresholds, will be put to good use going forward. Strengthening the department and ensuring that it keeps pace with the development of the organisation and the NBFC-MFI/Banking Industry as a whole, are part of our goals for FY 2015-16.



## Credit

### Credit Risk and Performance

Ujjivan experienced a quantum leap in FY 2014-15. As we ventured into new products and customer segments, the Credit Risk Management Framework continued to put its best foot forward by effectively managing this enhanced business growth. The loan book saw an impressive growth of 102%, inducting 1 million+ new customers. Despite this growth, the portfolio continued to report robust performance with a Repayment Rate of 99.89% and PAR% of 0.18% as on 31<sup>st</sup> March 2015. The in-sync progression of Portfolio Size and Performance is an indicator of Ujjivan's ability to manage risk vis-à-vis our operations. The Repayment Rate and PAR% (excluding deceased clients) stand at 99.93% and 0.09% respectively, the best thus far. The Individual Lending (IL) segment which hit the bullseye during the financial year, reported a growth of 202%. This exponential growth was well-managed, which reflects in the healthy repayment rate of 99.61% and PAR% of 0.49%.

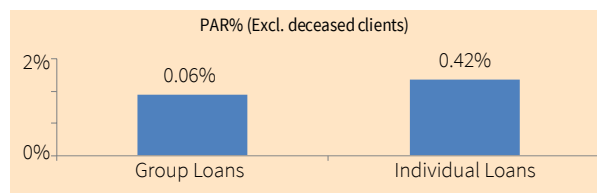


With growing clientele and changing customer dynamics, we extended the Credit Function's presence in the field to Individual Loans as well. We deployed dedicated Credit Officers across Individual Lending hubs, thereby ensuring prudent and independent underwriting on the field. Some of the other key enablers for this excellent portfolio quality were the integration of the Fraud Control Unit (FCU) process with the Credit process, a well-defined Loan Approval Matrix, loan sanctioning by certified staff, and stringent end-use monitoring (of loan amount by the customers). Another key development in the MFI sector has been the implementation of 2 KYC norms for all clients, which has resulted in incremental bureau matches thus enabling responsible lending.

Besides providing Individual Loans to graduating Group Loan customers, Ujjivan also tested the waters by opening doors to open market clients during the year. We also explored other new avenues by venturing into Secured Lending. This product called for the employment of seasoned staff and differentiated underwriting policies. The product, though forming a small proportion of the portfolio, has performed excellently.

Lastly, the year also marked the success of two new product variants - Rishta Loans and Aakarshan Loans. Rishta Loans were a type of loyalty loan intended to incentivize existing Group Loan customers with good credit history by addressing their need for additional

funds during the festive season. Its success can be gauged from the portfolio performance of 0.06% PAR on 2.23 lakh active loans (as of March 2015). Aakarshan loans, on the other hand, were intended to attract new customers with good credit history with other institutions by providing them with higher ticket loans. This product also performed impressively with a PAR% of 0.004%



As we grow, we plan to focus on capacity building and increased efficiencies through enhanced technological interventions such as E-KYC authentication with UID, online trainings for staff and handheld device-enabled underwriting processes. Implementation of credit scoring and customer segmentation for Individual Loan clients will play an important role in managing our IL portfolio. We are evaluating the introduction of Business Intelligence tools and Collections software in the coming financial year to get deeper insights on customers' credit behaviour.

#### Operational Risk

High staff turnover and cash handling risk remain critical risks in this industry. Managing employee turnover and transition has been a key focus area and we have been successful at containing attrition at 17.3% (attrition stood at 17.2% in March 2014). This year, 51% of our disbursements were effected through the cashless route, and 38% of the collection proceeds were channelized towards cashless disbursements to minimize cash handling risk.

#### Sector Risk

The sector witnessed significant growth in the last year with 55% growth in disbursements, 61% growth in portfolio and 29% growth in client base, reflecting all-round optimism and confidence.

The progressive government in the centre has put financial inclusion as a top priority with launch of the Prime Minister's Jan Dhan Yojana (PMJDY) and various insurance programs targeted at the financially excluded. In addition, the government has also set up Micro Units Development and Refinance Agency (MUDRA) with a corpus of Rs. 20,000 crore and a credit line of Rs. 3000 crore, with the intention of funding small businesses and entrepreneurs who do not have access to formal credit. The funds will be routed primarily through MFIs for last mile delivery.

These measures by the government have created a positive environment in the financial inclusion space and have provided much needed impetus to MFIs. The recent revisions in the qualifying asset criteria by the RBI, released in April 2015, with an increase in

the permitted limit of indebtedness from Rs. 50,000 to Rs. 100,000 and relaxation in income generating assets norms from 70% to 50% will open up avenues for product innovation and potential for responsible growth.

### Service Quality

Our Service Quality Program has evolved over the years, with a variety of customer care, service and client protection initiatives which have positively impacted our customer connect and retention. We have strengthened customer retention programs, fair practices and grievance redressal mechanism over the last few years. This year, we partnered with professional call-centres to offer outbound calls to customers to collect feedback from our customers and improve our products and services.

- Our customer retention rates have surged to 87%, the highest since inception, driven by innovative field, credit and backend process supplemented with strong comprehensive rewards and recognition programs, strong and independent credit approval systems to check client indebtedness, holistic grievance redressal mechanism and greater transparency of our services, terms and conditions
- Our customer care representatives improved customer connect and met over 120,000 inactive customers, successfully retaining 47% of them. 126,500+ centres were visited by Ujjivan's supervisory team from all departments to seek client feedback directly from the field
- We are accredited with a score of 93% or 'Excellent Adherence' in our Code of Conduct Assessment (COCA), evaluated by an independent rating agency. Our composite score has improved from 91% and 87% from the previous two assessments respectively
- The effectiveness of grievance redressal has also improved. In the last year, 84,459 customer enquiries and 1433 customer grievances were attended to and resolved through our grievance redressal channels



## Information Technology

A successful, robust IT foundation, which drives innovation and leads change has always been our mantra. The IT infrastructure at Ujjivan continues to lead the MFI sector, facilitating smooth functioning and providing high quality service to its stakeholders, while maintaining infrastructure that ensures high quality support and uptime.

### State-of-the-art Data Centre at IBM, Mumbai

We have selected IBM's private cloud resilience services to ensure continuous business operations for our clients' financial transactions. The cloud-based Virtualized Server Recovery (VSR) solution provides Ujjivan with a managed, around-the-clock solution designed to support application continuity and reduce business expenses and data loss, while ensuring always-on operations.

IBM's Cloud VSR solution enables us to provide customers with faster, streamlined recovery and manage our complete IT application infrastructure through IBM's remote monitoring centre in Bangalore. With IBM's Cloud VSR, we can replicate entire systems in real-time including system files, databases, applications and user data, in a way that is independent of the make and model of the underlying hardware.

In the event of unexpected downtime, Ujjivan can restore 100% functionality within minutes, as opposed to the average recovery time of 8-12 hours

### Usage of Handheld Devices

Handheld devices have been rolled out for faster and more accurate processing of transactions - customer acquisition, loan underwriting and for loan processing. Mobile phones and the Trucell system are used for transaction recording in the field. Transactions related to repayment collection, fee collection, attendance marking, and Loan Utilization check (LUC) can be performed at the customer's doorstep, in both online and offline modes.

### Business Intelligence and Data Warehousing

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

## Human Resources Development

The Human Resources Department has supported the increasing demands of Ujjivan's growing business by recruiting and onboarding 3900+ new staff members. We have also conducted several refresher/capacity development courses, sales training, and leadership development training sessions for existing staff.

High staff turnover remains a critical challenge in this service industry. Ujjivan maintained a 83% retention rate through diligent candidate profiling, rigorous employee background checks, mandatory pre-hire field exposure for field level staff, and has boosted employee morale through consistent engagement at various levels. Rationalization of compensation structure, along with leadership and development training were the key focal points this year.

A one-time salary correction for the field-level staff helped maintain a market combative team which forms 85% of Ujjivan's workforce. A deferred compensation scheme was launched to retain top talent consistently delivering excellent performance over the last 3 years and with high potential for future growth. Other rewards and recognition schemes based on performance and productivity metrics were established to acknowledge and usher a culture of meritocracy.

As a testimony to our employee-oriented initiatives, we have been ranked the 16<sup>th</sup> on the Great Places to Work scale for Asia and are proudly positioned 2<sup>nd</sup> among Indian companies. We have also been adjudged the Most Inspiring Workplace in the NBFC sector by Banking Frontiers, a monthly magazine published by Glocal Infomart Pvt Ltd. Ujjivan ranked 9<sup>th</sup> overall and 2<sup>nd</sup> in the Financial Services Sector as the Best Company to Work For, one of only two Indian companies retaining its position for two years in a row.



## Community and Customer Programs

Our microfinance plus programs - social and community development programs - have continued to foster strong bonds with our customers and the communities in which they live.

In the fifth year of our self-sustained Social Development Program, we conducted 318 programs across regions, targeting the construction of toilets in schools among other high impact projects. There were 314,600+ beneficiaries with an outlay of Rs. 1.47 crore, in line with the requirements of the Companies Act 2013.

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

We have made significant progress in our Financial Literacy Program - Diksha - a module-based training program that helps customers manage their savings and debt with the help of our sister non-profit organisation

Parinaam Foundation. This is the second phase of the financial literacy program.

A total of 244,310 customers registered for the program, of which 82.4% were certified. Of the 97,878 customers requiring bank accounts, 83.7% were assisted with the creation of one.

Diksha has facilitated 117,949 cashless loans in GL and IL; 10,051 graduations to IL, 622 higher education scholarships, 77 medical interventions.

As a pilot we have started conducting financial Literacy training for the children of Ujjivan customers and are also opening Savings Bank Accounts for the children. The program has kicked off very well, registering 100% attendance in the first week of the program. We plan to provide 30,000 children with financial literacy training as part of this program.



# Human Resources

## Retaining Top Talent

Ujjivan has a commendable 83% employee retention rate. More than 80% of our employees are engaged in field-level interactions with customers, fulfilling their financial needs. For FY 2014-



15 we hired 3,900+ new employees, including freshers, Management Trainees, lateral hires at the mid and senior management levels and key leadership members to handle critical functions and for launch of new businesses and processes. Our net headcount increased

by 52% and the new members were largely placed in the 73 new branches that were launched across the country.

Ujjivan experienced exponential business growth which supported people growth by providing various opportunities to its talented workforce.

## Promoting Experienced Staff

As and when new branches or new lines of business were launched, existing talent was given the first opportunity to move into higher roles. For example, experienced Customer Representative Staff (CRS) were provided the opportunity to take the higher roles of a Cashier or Customer Care Representative (CCR). Talent spotting, however, does not happen instantly – possible candidates are identified well in advance by their immediate supervisors and are encouraged to take additional responsibility within the branch. The excellence of a CRS is recognized by their ability to handle volume of business, customer management skills, problem-solving and influencing abilities. For this to happen, their immediate supervisors accompany them during field visits and get a first-hand understanding of their abilities. This walk-the-talk gesture of the supervisors goes a long way in establishing rapport with the field team, resulting in high retention.

## Internal Job Postings (IJPs) and Employee Referrals

In FY 2014-15, Ujjivan closed more than 50% of all open positions through Internal Job Postings (IJPs) and employee referrals, as well as customer references. While much of the field-level hiring was closed through walk-ins or recruitment camps for supervisory or managerial level requirements, the IJP source remained a fairly successful one.

During talent search process greater emphasis was given on traits like adaptability, willingness to learn and organization's willingness to explore and take risk. Ujjivan endeavoured to introduce programs like the First Supervisors Program so that new managers understand the nuances of building leadership skills and managing people while engaging in branch management.

Talented employees feel a sense of acknowledgment when they get an opportunity to apply through what is seen as a fair and transparent process like the IJP. More so, the frequent involvement of their supervisors in capability building supported by training helps build confidence to take up new roles and responsibilities.

## Timely Appraisals

Ujjivan conducts mid-year and annual appraisals, which are transparent and allow employees to self-evaluate their performance before having discussions with their respective supervisors. This process helps Ujjivan recognize top talent in the organisation across various levels – top talent is rewarded by a higher payout of the annual performance bonus.

Last year, top talent among the managers were recognized for their contribution through a special

deferred bonus scheme payable over a period of two years. 7% of the managers were covered under the deferred incentive scheme. This initiative was instituted as a retention measure for top talent. A few of these high-performing managers were nominated for development programs, temporarily handling their manager's role in their



absence or given additional responsibility for a short stint. While such role extensions were non-financial in nature it provided ample opportunity to learn and get a different perspective of leadership abilities required.

## Well-rounded Growth

Ujjivan endeavours to promote an employee or go through a role change process at any point of time in the year if the business mandates it. Career growth is not necessarily linear at Ujjivan, but opportunity is available for cross-functional movement, thereby helping employees achieve well-rounded growth. This provides a healthy environment for employees to take on challenges, irrespective of initial perceived short-comings. While all role changes have not been successful, those that did not work out were provided the opportunity to return to their original team or to a function where their strengths were leveraged better. This culture of tolerance in Ujjivan has gone a long way to build trust and initiative among our people.

## Performance-based Rewards and Recognition

Apart from the bi-annual appraisal process, Ujjivan has various performance-based rewards and recognition schemes which help recognize employee contributions during the course of the year.

While these processes and initiatives have helped retain the best talent at Ujjivan, at times we've lost talent for reasons beyond our control. Most of the good employees who have left us cherish their association with Ujjivan, and the learnings and experiences that have helped shape their career. They carry an immense amount of goodwill for the organisation and the work we do within the communities we serve.

## Training Initiatives

Developing people is an essential part of life at Ujjivan. With each step towards further growth, it becomes increasingly important to have a team that works towards acquiring higher levels of knowledge and finely-honed abilities, with multiple skills at different levels. So, our Training Department ensures that learning is a part of our culture and that our environment is conducive to learning.



Training and development initiatives are broad in nature, from task-oriented training to career development programs. In this way, we not only expand our employees' horizons, but also improve the capabilities of our teams and the organisation as a whole.

In FY 2014-15, training and development received heavy emphasis, with training delivered across all levels and domains.

## Onboarding Programs

To ensure consistency and baselining of abilities across job roles we provide new recruits with trainings tailored for the roles into which they are being onboarded. Our onboarding programs include:

- Basic Level Training (BLT): An induction program of 8 + 5 days (separated by 3 months), aimed at employees in the field and support departments
- CRM Training: For supervisor, whose responsibilities include managing branches, generating revenue and connecting with customers
- IL Training: Vertical-specific orientation, focused on our Individual Lending business and Housing Loan. This program is targeted at employees who have sales responsibilities or who support the sales function
- Management Development Program (MDP): A rigorous month-long orientation program followed by a month of field exposure, specifically designed for recruits from campus hiring programs

## Productivity Training

These programs are designed to help candidate enhance existing skills, primarily in the areas of sales, management and effective customer communication.

- Sales Training: An extensive sales training program for all field Officers
- Sales Supervisory Program or Managerial and Sales Capability Development: Develops sales managers in all aspects in order to build strong sales leadership
- Program Manager's Training: A two-phased training program for our mid-level field supervisors
- Customer Care Representative (CCR) Training: A 12-day program for CCRs, in which they learn the nuances of one of our values – the customer comes first
- Collections Training: Primarily for Loan Officers

## Need-based Skill Development

These trainings not only develop our employees for our organisation, but also provides a tremendous amount of personal growth as well.

- First-time Supervisor's Training
- Communication Training
- People Management
- Change Management
- Excel Training
- Spoken English and Business Communication

## Leadership Development Programs

Special focus is given to developing our Regional and National Leadership Teams. Selected leaders from either the regional level or national level were sent to the following training programs and exposures.

- IIM Ahmedabad: Two of our senior management leaders were sent to a 1-week residential program on the strategic growth of an organisation. This is in line with the current growth our organisation is going through
- Harvard Business School: Members of our National Leadership Team were sent for a week-long program called 'Strategic Leadership for Microfinance'.
- Seminars/Conferences/External Trainings: Many of our mid-level and senior-level managers were sponsored for several industry or department specific conferences/seminars and external trainings, like the Annual MFI Summit
- Exposures
  - Fundacion dela Mujer, Columbia: Two of our national-level leaders went to Columbia for exposure in the MFI organisation
  - Distribution Leaders from one region visited branches in another region to learn best practices
- Knowledge exchange programs: Delegates from MFIs in Latin America and Africa participated in a knowledge-based program facilitated by Accion, in which they wanted exposure to our people practices and processes
- Women's World Banking Leadership and Diversity for Innovation Program: Women leaders in the National and Regional Leadership teams were selected for participation in this program
- Operational Risk Management Program: A short session was delivered for our National Leadership Team by the Audit Consultants
- Another short session was led by one of our Directors for our National Leadership Team on Succession Planning
- Book readings: Books were gifted and reading them was encouraged by our MD. Some of these books were The Elephant Catchers, Conscious Capitalism and How Google works

## Functional/Process Trainings

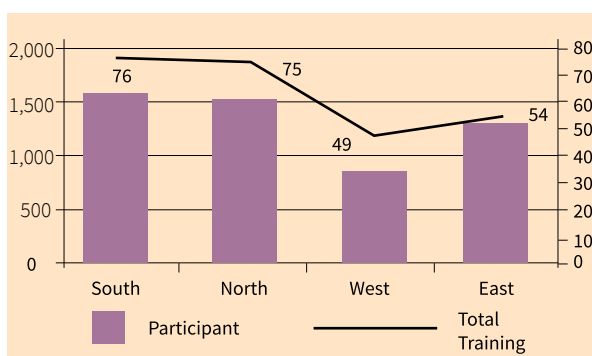
We also have technical trainings that are specific to each department. Refreshers for these technical trainings are also a standard practice in Ujjivan.

Also during FY 2014-15, some training interventions were conducted based on business indicators/requirements, and are worth special mention:

- Collections Training: Facilitated by the Vigilance department, this was done mainly for Loan Officers
- First Time Supervisor's Training (for Credit/Ops): This was to train the newly-promoted supervisors on management skills
- Artoo Training was conducted for Loan Officers and Truecell Training was piloted for our Field staff. This was done to facilitate the introduction of technology in our business
- CAPS Programs: Communication and Presentation Skills trainings were delivered to Regional Leaders to enhance their skills
- Financial Analysis Training: The need for more detailed and accurate financial analysis at the field level led to the creation and delivery of this training

The total number of trainings delivered in the last fiscal year was 254, which covered 5,318 participants and accounts for 60% of Ujjivan's employees. The average man-days for training per employee is 8.5.

|       | Participants | Total Trainings | Average Man-days |
|-------|--------------|-----------------|------------------|
| South | 1,615        | 76              | 8.38             |
| North | 1,528        | 75              | 9.64             |
| West  | 8,52         | 49              | 5.12             |
| East  | 1,323        | 54              | 12.81            |
| Total | 5,318        | 254             | 8.51             |



All internal trainings are delivered by SMEs who have gone through Train-the-Trainer programs and received certifications, in order to maintain a high quality of training. Regular feedback is taken from all participants for each trainer and scores are published in order to further improve the quality of trainings.

## Management Development Program

In a short span of less than 10 years, Ujjivan has been recognized and awarded multiple times for Leadership Development. One of the most efficient tools that Ujjivan has believed in is the Management Development Program. The program acts as a bridge between young management graduates and Ujjivan. Each Management Trainee has a tailor-made development track, mentored by the functional heads, ensuring that their career is given an excellent head-start.

Ujjivan has partnered with selected B-Schools to identify young talent with potential to grow into managerial and leadership positions in the organisation. The first program was launched in 2008 and MDP has been evolving ever since, based on organisational and industry needs.

### List of Partnering B-Schools

- B.K. School of Business Management
- Asia Pacific New-Delhi
- Faculty of Management Studies, BHU
- IBS India, Bangalore
- IBS India, Gurgaon
- IBS-Ahmedabad
- Indian Institute of Social Welfare and Business Management
- FOSTIIMA, New Delhi
- Institute of Management Studies, Indore
- Institute of Management Technology, Nagpur
- FMS IRM, Jaipur
- Jaipuria Institute of Management, Lucknow
- MITCON, Pune
- Faculty of Management Studies, MSU, Baroda
- PSG Institute of Management, Coimbatore
- PUMBA
- SCMS School of Engineering and Technology
- SDMIMD, Mysore
- Som Lalit Institute of Management Studies, Ahmedabad
- Xavier Institute of Management, Bhuvaneshwar
- ICFAI School of Public Policy, Hyderabad
- IIFM, Bhopal
- NIAM
- Thiagarajar School of Management
- VAMNICOM, Pune

Every year, Management Trainees are hired from these institutions with a focus on the growth plans of the organisation. Below is a brief on the number of Management Trainees hired year on year since 2008:

| Year | Number MTs hired |
|------|------------------|
| 2008 | 22               |
| 2009 | 23               |
| 2010 | 14               |
| 2011 | 12               |
| 2013 | 13               |
| 2014 | 42               |



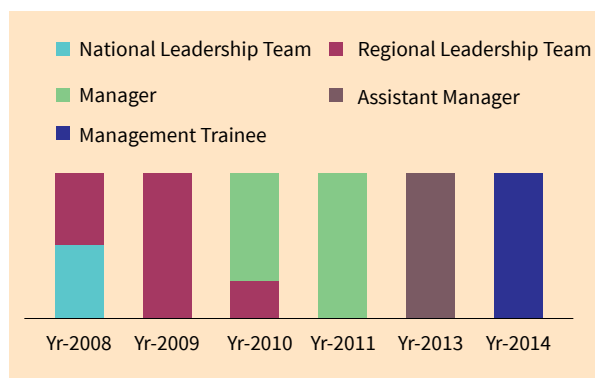
This year, the program includes a month-long classroom training, which provides an extensive understanding of the overall working of the organisation. The program includes detailed sessions from all departments which are well-thought-out to provide in-depth knowledge about the business' important activities and operations. The pedagogy includes case study discussions, book reviews and presentations by the participants. The program also involves frequent interactions with the senior management team and industry leaders who give them a broader perspective of our organization's working and culture.

One of the highlights of this program is the talks by eminent personalities across industries. Last year, MDP included visits to Ujjivan by Mr. Jerry Rao and Mr. Subroto Bagchi, to share their thoughts with the participants.

The month after classroom training is dedicated to field visits; the idea behind the field exposure is to give participants a thorough understanding of working of the branch as a profit centre. The trainees are then assigned to year-long projects in different verticals. Some of these projects are key assignments like the Housing Finance or the Small Finance Bank or the Secured Lending Business. After the end of the project, they go through a rotation of different verticals or functions.

Most of the employees inducted through the Management Development program are handling key functions in their verticals. Below is a representation of the staff hired as Management Trainees and their current level in the organizational hierarchy:

### Management trainees- Current roles



Two of the top performers from the first batch of Management Trainees have moved to national leadership positions:

### Sneh Thakur- Head of Credit



Sneh joined Ujjivan in April 2008 in the first batch of Management Trainees. After successfully performing in roles of Financial Analyst and Regional Credit Manager – South, 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 gunpoint in Amsterdam during a leadership course. The course taught me many leadership lessons and I realized their worth only when I applied them 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!"*

### Abhiroop Chatterjee - Chief Operating Officer- East



Abhiroop joined Ujjivan in April 2008 as part of the first batch of Management Trainees. In a span of 6 years, in April 2014, he was promoted to COO - East. Abhiroop has a PGDM - Rural Management from Xavier Institute of Management, Bhubaneswar.

*"8 years since we started our operations in the 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 during which I could develop myself professionally and personally. Seeing Ujjivan through its peaks and troughs has been a fabulous journey! Look forward to taking Ujjivan to greater heights!"*

# Marketing

At Ujjivan, the scope of marketing has seen significant changes with the rollout of new and innovative products for customers. Ujjivan's marketing activities involve internal communication, product promotion, organisational branding and increasing footprint on the social media platforms.

## Internal Communication

The purpose of internal communication is to keep all employees aligned to work that Ujjivan is doing and keep them updated. Ujjivan uses desktop wallpapers, SMSs, audio-visuials, brochures and circulars to communicate with the employees. One of the most important tools used at Ujjivan to create buzz is Whatsapp.

## Product Promotions

The key to a product's success is the communication that reaches the target segment. Ujjivan's promotional activities have always involved informative collaterals which keep customers updated about all products on offer. Ujjivan frequently engages 20-40 customers in branches and invites customers to speak about their experiences and the way Ujjivan has helped them grow. This is a highly effective customer engagement tool. Last year we made our presence felt by participating in livestock fairs, increasing the usage of kiosks and promoting our products via AV display units installed in our branches.

## Branding

Ujjivan believes that the best way to build a brand and goodwill is through the products and services offered. Ujjivan's customers are our most effective brand ambassadors. Ujjivan's branding happens mainly through the positive stories that our customers share with their friends and acquaintances.

## Social Media Presence

Ujjivan has also been very active in showcasing the wonderful stories our customers share - we are active on both Facebook and Twitter, regularly posting updates for those who follow our pages. Recently, our official website ([www.ujjivan.com](http://www.ujjivan.com)) underwent a complete makeover.

# Community Development Programs

Ujjivan took building a better life one step forward in 2010, by initiating CSR projects under the banner of 'Community Development Programs'. With keen focus on addressing critical customer needs in the areas in which we live and operate, Ujjivan's CSR Team has been identifying and resolving concerns on an ever-increasing scale for the last five years.

## Focus for FY 2014-15

In FY 2014-15, Ujjivan's CSR team played its part in addressing issues targeted by our Prime Minister's dream project - Swachh Bharat Abhiyaan: Ek Kadam Swachhata Ki Ore. Swachh Bharat, which translates to Clean India, is a national-level campaign run by the government to improve the quality and quantity of sanitation across the country - by constructing latrines, promoting sanitation programs

in rural areas, keeping roads clean, and enhancing the country's infrastructure.

Keen to contribute to the campaign, Ujjivan's CSR team focused primarily on schools, ensuring that proper sanitation facilities were made available across India. In FY 2014-15, 84% of our CSR programs were directed towards Swachh Bharat initiatives, and we covered 266 government schools, benefitting more than 1,33,000 students.

| Projects                             | South        | North         | East         | West         | Total         | Volume |
|--------------------------------------|--------------|---------------|--------------|--------------|---------------|--------|
| Toilet Construction/Renovation       | 78           | 52            | 99           | 37           | 266           | 84%    |
| Healthcare                           | 10           | 8             | 0            | 2            | 20            | 6%     |
| Drinking water facility              | 2            | 4             | 1            | 4            | 11            | 3%     |
| Bus Stand Construction/Renovation    | 5            | 2             | 1            | 0            | 8             | 3%     |
| Public facilities (Road/bridge/park) | 2            | 1             | 1            | 2            | 6             | 2%     |
| Facilities for Schools               | 0            | 3             | 0            | 1            | 4             | 1%     |
| Social Welfare of Orphans/disabled   | 0            | 1             | 0            | 0            | 1             | 0%     |
| Environmental Projects               | 1            | 1             | 0            | 0            | 2             | 1%     |
| Total                                | 98           | 72            | 102          | 46           | 318           | 100%   |
| <b>Beneficiaries</b>                 | <b>63401</b> | <b>170700</b> | <b>57747</b> | <b>22760</b> | <b>314608</b> |        |

## North

### Farid Nagar, Bhojpur - Bus Shelter and Sanitation Project

With a population of 3,500 households, those who travelled for work were inconvenienced by the lack of a bus shelter. Children were especially plagued by harsh summers and heavy rains, falling ill regularly or having to cope with damaged school books and equipment. Ujjivan constructed a bus shelter and, after noticing that it was near the market, Ujjivan also added an attached toilet for women, helping both commuters and women at the marketplace alike.



### Shaheed Nagar, Ghaziabad - Education Project

St. James Convent School, managed by the Asha Deep Foundation, offered education to children in Ujjivan's Yamunavihar branch area. But the school was in desperate need of renovation. Recognising the need, Ujjivan completely renovated a classroom—repainting the room, replacing electrical fittings and providing brand new desks for the students.



### Sonipat, Haryana - Water Supply and Sanitation Project

In the Government Girls Primary and Middle School, in the Nahari village of Sonipat, Ujjivan learned that sanitation facilities were poor and there was no clean water supply. To remedy the situation, Ujjivan constructed two toilet blocks for the girls, renovated the existing toilets and set up a new tube well to provide a continuous supply of water.



### Sikandrabad - Education Project

The Government Girls School, Kasturba Gandhi Awashisya Vidhalya, offers vocational training to its 300+ girl students, via courses in computers and tailoring. However, the school did not have enough computers or sewing machines to ensure all the students could learn effectively. Ujjivan provided the school with computers and sewing machines, to ensure that nothing came between the girls and their education.



## East

### Hajo, Sualkuchi - Sanitation Project

The Hajo area has no toilet facilities, forcing the locals to defecate in the open. Realising the urgency of the problem, Ujjivan constructed a ladies toilet in the area, benefitting more than 2000 local women.



### Bhuli, Dhanbad - Sanitation Project

The Government High School at Bhuli had more than 1,500 students, but toilets in extremely poor condition. Recognising that the students were in critical need of assistance, Ujjivan renovated five toilets in the school and ensured that they were in proper working condition.



### Dhakuria, Kolkata - Sanitation Project

Sri Ram Roy Primary and Secondary school in Dhakuria had more than 1,900 students, but the toilet facilities could not cater to all the students. And, the toilets that were available were in poor condition. Ujjivan renovated the two toilets in the school and constructed a separate toilet for girls, benefitting all the children in the school.



### Gandhi Maidan, Bihar - Sanitation Project

Bankipur Rajkiyan Kanyan Uchch Vidhalya in Gandhi Maidan had 1,200 students but no toilets in the school. Recognising the urgency of the need, Ujjivan constructed two new toilets, benefitting all the children in the school.



## West

### Patherdogaon, Cidco - Sanitation Project

The Aadivasi Vikas Manch School in the Patherdogaon area had no toilet for girls and specially-abled students, forcing them to go home during breaks. Recognising the school's need, Ujjivan constructed a brand new toilet for all the children in the school.



### Amroli, Katargam - Sanitation Project

Girls and boys alike in the municipal school in the Amroli area were forced to manage without toilets. To remedy the situation, Ujjivan constructed brand new toilets, separate for boys and girls, benefitting the 950+ students studying in the school.

### Vidya Nagar, Nasik Road - Water Supply and Sanitation Project



Darna High School in Vidya Nagar had no toilets for both the girls and the staff, and lacked a supply of water. Ujjivan constructed a brand new toilet for the school, benefitting students and staff alike, as well as making provisions for clean water supply.

### Santacruz, Mumbai - Hygiene Project

The local maternity hospital in Santacruz was suffering from a number of hygiene problems because they were short of equipment. Recognising their need, Ujjivan supplied the hospital with the equipment they critically needed, including bed sheets, washing machines, and rubber sheets.



## South

### Ariyankuppam, Pondicherry - Sanitation Project

More than 1000 of Ujjivan's customers live in Ariyankuppam, Pondicherry. And most of their children are studying in the local government school. Upon learning that the 50-year old school had toilets without doors and no water supply, Ujjivan renovated the toilets for both boys and girls.



### Maddur: Drinking Water Facility

Valagerahalli village in Maddur branch working area is facing lot of drinking water problems and 300 Households are there in this village. Ujjivan has around 200 customers in this village and people in this village have to go to another area to get drinking water. Maddur branch team selected this project and discussed with Gram Panchayat members and constructed 2 water tanks of 5000 Ltr capacity each and will be used by general public as well as Ujjivan customers.



### Hoskote – Sanitation Project



The local government higher primary school in Hoskote had 300+ students, but no toilets for the girl students. Ujjivan constructed toilets for the girls in the school, and was appreciated by Government Education Officers for the initiative.



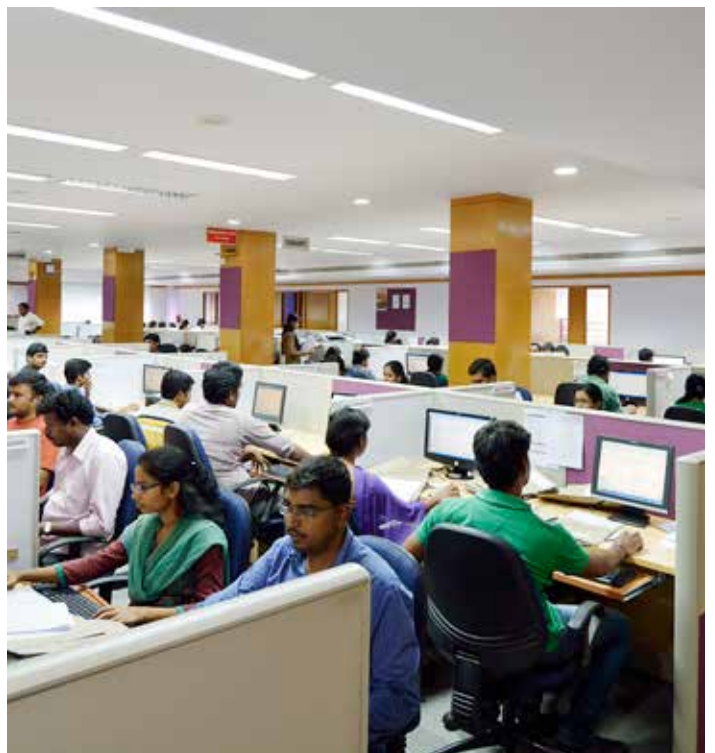
# Corporate Governance Report

Ujjivan recognizes its role as a corporate citizen and endeavours to adopt best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to customers, disclosure to government and others. We carry out our activities in accordance with good corporate practices and are constantly striving to better them and adopt best governance mechanisms.

We have put a formalized system of Corporate Governance in place, which is responsible for steering the company with a balance between economic and social goals. Our governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders.

Good corporate governance structures encourage companies to create value (through entrepreneurialism, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.

In pursuing our mission of providing a full range of financial services to the economically active poor, to build a better life, Ujjivan has been balancing the dual objectives of social and financial goals, since inception. Responsible financing, ethical values and transparency in all its dealings with customers, lenders, investors and employees have been the cornerstone of our operations. Transparency in the decision-making process provides comfort to all our stakeholders, particularly lenders and investors.



## Board of Directors – as on March 31, 2015

| Name of the Director    | Role on the Board  |
|-------------------------|--|
| Mr. K. R. Ramamoorthy   | Independent Director<br>Former Non-Executive Chairman of ING Vysya Bank and<br>Former Chairman and CEO of Corporation Bank |
| Mr. Samit Ghosh         | CEO and Managing Director  |
| Mr. Sunil Patel         | Independent Director - Chartered Accountant and<br>Management Consultant   |
| Ms. Vandana Viswanathan | Independent Director - HR Consultant   |
| Ms. Bhama Krishnamurthy | Nominee Director from SIDBI  |
| Mr. Sandeep Farias      | Shareholder Director; Co-founder and Managing Director -<br>Elevor Equity  |
| Mr. Venkatesh Natarajan | Shareholder Director; Managing Director - Lok Capital II LLC   |
| Mr. Sarvesh Suri        | Shareholder Director; Country Manager - IFC Indonesia  |
| Mr. Jayanta Basu        | Shareholder Director; Co-founder - Alena Private Limited<br>(100% Subsidiary of CX Partners Fund I Limited)                |
| Mr. Amit Gupta          | Shareholder Director; Chief Operating Officer - NewQuest<br>Asia Investments II Limited                                    |

## Meetings Held

During FY 2014-15, our Board has met six times. The meetings were held on April 30, 2014; May 16, 2014; August 06, 2014; November 25, 2014; January 27, 2015 and March 25, 2015.

## Meetings Attended

The number of board meetings eligible to be attended and actually attended by members of the Board of Directors are as follows:

| Name of the Director             | No. of meetings held during their tenure | No. of meetings attended |
|----------------------------------|--|--------------------------|
| Ramamoorthy Rajagopalan Kuttalam | 6  | 6                        |
| Samit Ghosh                      | 6  | 5                        |
| Sunil Vinayak Patel              | 6  | 6                        |
| Vandana Viswanathan              | 6  | 6                        |

|                       |   |   |
|-----------------------|---|---|
| Bhama Krishnamurthy   | 6 | 3 |
| Mona Kachhwaha        | 6 | 3 |
| Christina Juhasz      | 6 | 3 |
| Venkatesh Natarajan   | 6 | 5 |
| Mohit Anand Bhatnagar | 6 | 1 |
| Sanjiv Kapur          | 6 | 1 |
| Sandeep Farias        | 6 | 5 |
| Sarvesh Suri          | 6 | 3 |
| Ritesh Bawri          | 0 | 0 |
| Jayanta Basu          | 0 | 0 |
| Amit Gupta            | 0 | 0 |

## Brief Terms of Reference

The items/matters which are required to be placed before the Board inter alia include:

- Approval of annual business and operating plans and budgets
- Quarterly results of the company
- Company's annual financial results, financial statements, auditors' report and Board's report
- Minutes of meetings of the Audit Committee and other Committees of the Board
- Appointment, remuneration and resignation of Directors
- Formation/reconstitution of Board Committees
- Terms of reference of Board Committees
- Disclosure of Directors' interest and their shareholding
- Appointment or removal of key managerial personnel
- Appointment of Internal Auditors and Secretarial Auditors
- Dividend declaration
- Significant changes in accounting policies and internal controls
- Statement of significant transactions, related party transactions and arrangements
- Issue of securities including debentures
- Recommending appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee
- Internal Audit Findings and External Audit Reports (through the Audit Committee)
- To discuss the company's strategy to transform into a Small Finance Bank (SFB)
- Setting goals and policies for critical operations of the company; ensuring adequacy and effectiveness of internal control
- Risk Management review and making appropriate strategies for the 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
- Undertaking CSR-related activities
- Review of fraud and service quality on a quarterly and annual basis
- To take note of compliance on a periodic and annual basis

## Changes in Board Composition

Mr. Ritesh Bawri, Nominee Director from FMO was appointed on the Board of the Company w.e.f. August 06, 2014; however, he resigned from the Board w.e.f. October 20, 2014.

Mr. Sanjiv Kapur, Nominee Director from WCP Holdings III resigned from the Board w.e.f. March 25, 2015.

Mr. Mohit Bhatnagar, Nominee Director from Sequoia Capital India Investments III resigned from the Board w.e.f. March 25, 2015.

Ms. Mona Kachhwaha, Nominee Director from India Financial Inclusion Fund resigned from the Board w.e.f. March 25, 2015.

Ms. Christina Juhasz, Nominee Director from WWB Capital Partners L.P. (formerly known as WWB Isis Fund L.P.) resigned from the Board w.e.f. March 25, 2015.

Mr. Jayanta Basu, Nominee Director from Alena Private Limited (100% subsidiary of CX Partners Fund 1 Limited) was appointed to the Board w.e.f. March 25, 2015.

Mr. Amit Gupta, Nominee Director from NewQuest Asia Investments II Limited, was appointed to the Board w.e.f. March 25, 2015.

## Internal Guidelines on Corporate Governance

The Board ensures good corporate governance in terms of sound business policies and practices, adherence to compliance 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 governance practices. The Corporate Governance Code of the Company has been revised twice by the Board, during the meetings held on November 25, 2014 and latest on March 25, 2015 to bring it in line with the RBI requirement of corporate governance regulatory framework and corporate best practices, and a copy of the same is available on the company website.

## Fair Practice Code and Client Protection Measures

Ujjivan has adopted the Fair Practices Code advocated by the Reserve Bank of India as well as the Fair Practices Code and Client Protection principles formulated jointly by the Microfinance Institutions Network (MFIN) Sa-Dhan and AKMI. The same is available on the company website. 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 the institutional culture and operations of the microfinance industry. Smart Campaign certified Ujjivan in January 2013, stating 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.

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

## Committees of the Board – Compositions as on March 31, 2015

### Audit Committee

#### Committee Composition

- Mr. K.R. Ramamoorthy
- Mr. Sunil Patel
- Ms. Vandana Viswanathan
- Ms. Bhama Krishnamurthy
- Mr. Venkatesh Natarajan

#### Meetings Held

During FY 2014-15, the Committee met four times. The meetings were held on May 10, 2014; August 05, 2014; November 25, 2014 and March 24, 2015.

#### Terms of Reference

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company
- Review and monitor the auditor's independence and performance, and the effectiveness of the audit process
- Examination of the financial statement and the auditor's report thereon
- Approval or any subsequent modification of transactions of the company with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems
- Overseeing the vigil mechanism of the company and ensuring its effective implementation and functioning

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

## Alco Committee

### Committee Composition

- Mr. K.R. Ramamoorthy
- Mr. Venkatesh Natarajan
- Mr. Samit Ghosh

### Meetings Held

During FY 2014-15, the Committee met three times. The meetings were held on August 05, 2014; November 24, 2014 and March 24, 2015.

### Terms of Reference

To provide a comprehensive and dynamic framework for identifying, measuring, monitoring, and managing financial risks closely integrated with the Ujjivan's business strategy. It relates to the 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
- Risk of managing timely and diversified sources of funding

## Risk Management Committee

### Committee Composition

- Mr. K.R. Ramamoorthy
- Mr. Samit Ghosh
- Mr. Venkatesh Natarajan

### Meetings Held

During FY 2014-15, the Committee met four times. The meetings were held on May 16, 2014; August 05, 2014; November 24, 2014 and March 24, 2015.

### Terms of Reference

- To take strategic actions to mitigate the risk associated with the nature of the business
- 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 operational risk events that occurred during the quarter and the systemic improvements taken/proposed by the Executive Committee of Management to deal with operational risk
- To lay down procedures to inform Board Members about risk assessment and minimization procedures

## Governance, Nomination and Remuneration Committee (Nomination Committee)

### Committee Composition

- Mr. Sunil Patel
- Mr. K.R. Ramamoorthy
- Ms. Vandana Viswanathan
- Mr. Samit Ghosh

### Meetings Held

During FY 2014-15, the Committee met three times. The meetings were held on August 05, 2014; November 25, 2014 and March 24, 2015.

### Terms of Reference

- To formulate a criteria for determining qualifications, positive attributes and independence of a Director
- To ensure 'fit and proper' status of proposed/existing Directors
- To recommend to the Board the appointment and removal of Senior Management
- To carry out evaluations of Director's performance and recommend to the Board appointment/removal based on his/her performance
- To make recommendations to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors' remuneration and incentive
- To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the company subject to the provision of the law and their service contract
- Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- To devise a policy on Board diversity
- To develop a succession plan for the Board and to regularly review the plan

## Human Resources and Compensation Committee

### Committee Composition

- Ms. Vandana Viswanathan
- Mr. Sandeep Farias
- Mr. Samit Ghosh

### Meetings Held

During FY 2014-15, the Committee met twice. The meetings were held on November 24, 2014 and March 24, 2015.

### Terms of Reference

- Conduct regular reviews of, 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
- Conduct annual reviews of, and approve the company's compensation strategy
- Ensure 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 organisation development
- Review the compensation of members of the Board, KMP and the Senior Management
- Review the operations of the Trust/s set up by the company for relief and support of employees and customers

## Corporate Social Responsibility (CSR) Committee

### Committee Composition

- Mr. Venkatesh Natarajan
- Ms. Vandana Viswanathan
- Mr. Samit Ghosh

### Meetings Held

During FY 2014-15, the Committee met three times. The meetings were held on August 05, 2014; November 25, 2014 and March 24, 2015.

### Terms of Reference

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013
- To recommend the amount of expenditure to be incurred on these activities
- To monitor the Corporate Social Responsibility Policy of the company from time to time
- To perform such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws

## Business Operations and Efficiency Committee

(Dissolved w.e.f. March 25, 2015)

### Committee Composition (Before Dissolution)

- Mr. Venkatesh Natarajan
- Mr. Mohit Bhatnagar
- Mr. Sanjiv Kapur
- Mr. Samit Ghosh

### Meetings Held

During FY 2014-15, the Committee met only once. The meeting was held on May 16, 2014.

### Terms of Reference

- To undertake review of the business and evaluate new business proposals and initiatives

## Small Finance Bank (SFB) Transition Committee

The company recently constituted the SFB Transition Committee to review its SFB proposal and proactively contribute on the strategic front as well as in the requisite implementation.

### Committee Composition

- Mr. K. R. Ramamoorthy
- Mr. Sunil Patel
- Mr. Samit Ghosh

### Meetings Held

The Committee was constituted by the Board on March 25, 2015 and has not met during FY 2014-15.

The company is well-supported by a team of auditors, advisory group, resource partners, legal counsel, 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 for FY 2014-15 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](http://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  
GDA Trusteeship Limited  
GDA House, Plot No. 85,  
Bhusari Colony (Right), Paud Road,  
Pune 411 038

### Payment of Depository Fees

Annual Custody/Issuer Fee for the year 2015-16 will be paid by the company to NSDL and CDSL on receipt of the invoices.

### SEBI Complaints Redress System (SCORES)

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 a 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 is Nil.

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

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot No 31 and 32  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally  
Hyderabad 500 008  
Tel: +91 040 67161604  
E-mail: [ramachandra.v@karvy.com](mailto:ramachandra.v@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)

### Dividend Declared for the Last 5 Years

| Financial Year | Dividend declaration | Dividend per Share * |
|----------------|----------------------|----------------------|
| 2009-10        | 12.7.2010            | Rs. 0.20             |
| 2010-11        | 14.7.2011            | Rs. 0.20             |
| 2011-12        | Nil                  | Nil                  |
| 2012-13        | 29.7.2013            | Rs. 0.25             |
| 2013-14        | 25.07.2014           | Rs. 0.50             |

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

Note: Dividend of Rs. 0.50 per share, recommended by Directors on June 04, 2015, is subject to declaration by shareholders at the ensuing Eleventh Annual General Meeting of the Company.

## Vigil Mechanism

The company in compliance with Section 177 of the Companies Act, 2013 has established a Whistle Blower Policy/Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behaviour, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy. The company has a vigil mechanism process wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to the Whistle and Ethics Officer of the company.

## 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)

## Banks and Financial Institutions

A select few of our funding institutions are:

- Axis Bank Limited
- Citibank N.A.
- Corporation Bank
- HDFC Bank Limited
- ICICI Bank Limited
- IDBI Bank Limited
- Indian Overseas Bank
- IndusInd Bank
- Kotak Mahindra Bank Limited
- NABARD
- RBL Bank Limited
- Small Industries Development Bank of India
- Standard Chartered Bank
- The Hongkong and Shanghai Banking Corporation
- YES Bank Limited

## Auditors

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

## Market Research Agency

- Delphi Research Services (P) Ltd.

## Legal Counsel

- Universal Legal



# Board's Report

## Board's Report

### To the Members,

The FY 2014-15 has been one of the best financial years in Ujjivan's history and we are delighted to present the report of our business and operations for the year ended March 31, 2015

| Particulars                  | FY 2014-15 (Rs.)     | FY 2013-14 (Rs)      |
|------------------------------|----------------------|----------------------|
| Operating Income             | 5,993,165,034        | 3,478,892,385        |
| Other Income                 | 125,635,557          | 97,734,887           |
| Total Income                 | <b>6,118,800,591</b> | <b>3,576,627,272</b> |
| Less: Operational Expenses   |                      |                      |
| Personnel Expenses           | 1,327,695,558        | 814,912,916          |
| Administrative Expenses      | 654,271,391          | 360,369,530          |
| Finance Charges              | 2,713,806,964        | 1,448,546,685        |
| Depreciation                 | 67,417,317           | 31,467,170           |
| Provision For Doubtful Debts | 210,476,682          | 82,922,821           |
| Total Operational Expenses   | 4,973,667,912        | 2,738,219,122        |
| Profit/(Loss) Before Tax     | <b>1,145,132,679</b> | <b>838,408,150</b>   |
| Less: Income tax             | 468,047,354          | 316,163,764          |
| Less Deferred tax            | (80,802,636)         | (28,130,625)         |
| Profit/(Loss) After Tax      | <b>757,887,961</b>   | <b>550,375,011</b>   |

### Review of Operations

The operational highlights for the financial year ended March 31, 2015 include:

- 100%+ growth in business volumes, 148% growth in new customer outreach
- PBT at Rs. 114.51 crore, PAT at Rs. 75.79 crore, Ujjivan OER at around 8.4%
- 423 Branches in 21 States and 3 Union Territories
- Customer base of 2,316,668
- No. of borrowers 2,196,261 and cumulative disbursement of Rs. 1,11,29.25 crore
- Loan Outstanding up from Rs. 1,617.27 crore to Rs 3,218.69 crore (excluding securitised portfolio of Rs. 55.4 crore)

The FY 2014-15 has been a golden year for Ujjivan with excellent growth in business, efficiency and profitability. Ujjivan has achieved a pre-tax profit of Rs. 114.51 crore and transferred an amount of Rs. 15.16 crore to statutory reserve fund in accordance with the provisions of Section 45- IC of The Reserve Bank of India Act 1934. After transfer of statutory reserves and dividend (including dividend distribution tax), Ujjivan's cumulative profit stands at Rs. 130.82 crore as at March 31, 2015.

### Dividend

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

### Credit Rating

CRISIL has assigned the Company a grading of mfr1 (the highest grading for MFI) in September 2014. CARE has assigned a 'CARE A' rating (revised from 'CARE A-') to Ujjivan in March 2015 for its Long Term Bank Facilities of Rs. 3,000 crore. ICRA assigned a rating of 'ICRA A-' for its NCDs of Rs. 165 crore.

### Capital adequacy

The Capital Adequacy Ratio of the company was 24.24% as of March 31, 2015 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

A detailed separate report on our Management Discussion and Analysis Report, highlighting the important aspects of the business, forms part of this Annual Report.

### (a) Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format (MGT-9) is appended as “Annexure 1” to the Board’s Report.

### (b) No. of Meetings of the Board during the FY 2014-15

During the Financial Year 2014-15, our Board has met six times and the meetings of our Board of Directors were held on April 30, 2014, May 16, 2014, August 06, 2014, November 25, 2014, January 27, 2015 and March 25, 2015.

### (c) Directors’ Responsibility Statement

**Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company confirms and states that**

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the company for that period;
- (c) 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;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) Had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### (d) Declaration by Independent Directors

A statement on declaration given by Independent Directors under sub-section (6) of section 149

The Company has received necessary declarations of independence from each of its Independent Directors under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independent director envisaged in section 149 (6) of the Companies Act, 2013.

The declaration of independence reads as under:

- I possess relevant expertise and experience to be an independent director in the Company;
- I am/was not a promoter of the company or its holding, subsidiary or associate company;
- I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- None of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- Neither me nor any of my relatives:
  - Holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
  - Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
    - A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
  - Holds together with my relatives 2% or more of the total voting power of the company; or
  - Is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
- I am not a material supplier, service provider or customer or a lessor or lessee of the company;
- I am not less than 21 years of age.

### (e) Nomination and Remuneration Policy

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 has formulated and adopted a nomination and remuneration policy which is being appended as “Annexure 2” to the Board’s Report

**(f) Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made –**

**(i) By the auditor in his report;**

Nil; no qualification, reservation or adverse remark made by the auditor

**(ii) By the Company Secretary in practice in his secretarial audit report;**

Nil; no qualification, reservation or adverse remark made by the auditor

Mr. K. Jayachandran, Practicing Company Secretary was appointed as the Secretarial Auditor of the Company to conduct secretarial audit of the Company for the FY 2014-15 as required under section 204 of the Companies Act, 2013 and the Rules made thereunder. The secretarial audit report for FY 2014-15 is appended as “Annexure 3” to the Board’s Report.

**(g) Particulars of loans, guarantees or investments under Section 186**

The Company has neither given any loans or guarantee to any body corporate nor made any investments covered under Section 186 of the Companies Act, 2013

**(h) Particulars of contracts or arrangements with related parties referred to in Section 188(1) in the prescribed form below;**

**1. Details of contracts or arrangements or transactions not at arm’s length basis:**

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2015, which were not at arm’s length basis.

**2. Details of contracts or arrangements or transactions at arm’s length basis:**

|    |  |  |
|----|--|--|
| a) | Name of the related party and nature of relationship                                       | <b>Parinaam Foundation</b><br><br>Mr. Samit Ghosh, the CEO & Managing Director of the Company holds 90% Equity Shares in Parinaam Foundation.  |
| b) | Nature of contracts / arrangements / transactions  | Reimbursement of expenses and others service<br><br>Parinaam Foundation (Section 8 Company under Companies Act 2013 ) is a charitable institution within the meaning of the Income Tax Act, 1961, and conducts financial literacy and other programs for Ujjivan customers.<br><br>Ujjivan incurs expenditure and Parinaam Foundation reimburses the expenses.   |
| c) | Duration of the contracts / arrangements / transactions                                    | Continuous<br><br>Ujjivan has executed an MOU with Parinaam Foundation dated 26 <sup>th</sup> November 2009 which is renewed from time to time.  |
| d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Parinaam Foundation is to identify the needs of Ujjivan’s customers through specific surveys, design specific programs for them and impart necessary trainings to Ujjivan customers.<br><br>Ujjivan will provide Parinaam the necessary database information, infrastructure and administrative support and other material that will support Parinaam to facilitate the initiatives.<br><br>Parinaam has requested Ujjivan for a donation of Rs. 5 lakh to carry out its mission to serve the society at large. The Board in its meeting held on January 27, 2015 took note of the vital role played by Parinaam Foundation in Ujjivan’s Financial Literacy Program for its customers and granted a donation of Rs. 5 Lakh to Parinaam Foundation. |
| e) | Date(s) of approval by the Board   | June 12, 2009 and renewed thereafter from time to time   |
| f) | Amount paid as advances, if any  | Nil  |

Your Directors draw attention of the members to Note 26.3 to the Financial Statements which sets out other related party disclosures.

**(i) The state of the Company's affairs**

Ujjivan is a RBI registered NBFC-MFI Company based in Bangalore and is one of the largest microfinance institutions in the country with the most diversified geographical reach, offering a comprehensive suite of financial products and services to the economically active poor. Ujjivan operates primarily on a joint liability group lending model, as an adaptation of the famed Grameen model of microfinance. In addition, it boasts of a cutting edge, yet cost-effective technology infrastructure, which continues to be ahead of time in the microfinance industry.

The Company's mission is to "Provide full range of financial services to the economically active poor to build better lives". Its primary goals are to:

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

As on March 31, 2015, the Company operates through 423 branches spread over 24 states in 4 regions – South, East, North and West - with an employee strength of 7,089. The Company's present borrower base is 2,196,261, has disbursed Rs. 11,129 crore since its inception and the portfolio outstanding as on March 31, 2015 is Rs. 3,218.7 crore (excluding the securitised portfolio of Rs. 55.4 crore).

Ujjivan has positively impacted the lives of more than 20 lakh unbanked and under-banked customers in urban, semi-urban and rural areas, by addressing the financial needs for micro enterprise, home improvement, education and emergencies. Ujjivan's operations are backed by its customer-centric focus on service and product innovation, technology enabled back-end operations, independent credit appraisal process and prudent business risk management practices.

**(j) The amounts, if any, which it proposes to carry to any reserves;**

Rs. 15.16 crore to Statutory Reserves

**(k) The amount, if any, which it recommends should be paid by way of dividend;**

Rs. 5.18 crore (including dividend distribution tax)

**(l) Material changes and commitments, if any, affecting the financial position of the company**

**which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;**

There has been no material change affecting the financial position of the Company from the end of the financial year till the date of the report.

However, one material change though not affecting the financial position of the Company which has occurred after the end of the FY 2014-15 is that the Board in its meeting held on June 04, 2015 has considered and approved the change of categorization of Mr. Samit Ghosh from "Promoter" to "Founder" of the Company.

The Board in their meeting held on June 04, 2015 discussed that in view of various successive rounds of funding, the shareholding profile of the Company has changed and the shareholding of Mr. Samit Ghosh, Founder of the Company and present Managing Director and Chief Executive Officer, has been reduced to [1%] of the total issued and paid up share capital of the Company. Despite this, Mr. Samit Ghosh continues to be identified as the Promoter of the Company, including in the existing Articles of Association of the Company.

In the circumstances, the Board, while recognising the importance of the role of Mr. Samit Ghosh in the Company, discussed the possibility of more appropriately categorising his continuing role in the growth of the Company as the founder of the Company, instead of "promoter". In this context, the Board also noted that Mr. Ghosh is acting as a Director of the Company in his professional capacity, is not in control of the Company and would not be a promoter of the Company under applicable law including under the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements), Regulations, 2009.

The Board noted that this would necessitate making appropriate amendments to its charter documents (Articles of Association) of the Company.

To consider and approve the change of categorisation of Mr. Samit Ghosh, from Promoter to Founder and alteration of Articles of Association accordingly, the Company is proposing to hold an Extraordinary General Meeting (EGM) of the Shareholders of the Company on July 09, 2015.

**(m) The conservation of energy, technology absorption, foreign exchange earnings and outgo, in the manner as prescribed in Rule 8(3) of the Companies (Accounts) Rules, 2014;**

**Conservation of energy and technology absorption**

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

## The Foreign Exchange earnings and outgo

Foreign Exchange Inflow for the Company during the year is Rs. 225.77 crore on account of raising fresh equity from foreign institutions.

The Foreign Exchange outflow during the year is Nil

### (n) Development and implementation of risk management policy

Ujjivan's Risk Management Committee consists of well-experienced Directors from diverse background who bring the best risk management practices to the organisation. The Risk Management Committee, which meets every quarter, comprises of three Directors including an Independent Director.

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 organisation 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.

The Company has developed and implemented a risk management policy that includes identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. The Policy also highlights the functions, implementation and the role of the Committee and the Board.

### (o) The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;

Building a better life for its customers through Social Development Programs and Corporate Social Responsibility by Ujjivan started in the year 2010. From 2010, the Ujjivan Corporate Social Responsibility Team has focused on identifying and addressing our customers' critical problems. The Company has a well-defined Corporate Social Responsibility (CSR) Policy in place

and the Company has a holistic approach to poverty alleviation, partnering with Parinaam Foundation, a not-for-profit organisation (Section 25 Company), for programs in healthcare, 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. Ujjivan has carried out the following CSR activities during the year:

- Supporting educational institutions and Improved sanitation facilities in girls school / colleges in the working areas which immediately benefited thousands of girls students.
- Supported Health Dept. and Improve infrastructure / diagnostic facilities in Maternity Centers / Primary Health Centers.
- Ladies Toilet construction in schools as a part of Swachh Bharat Abhiyan; the focus for Quarter II, III and IV FY 14-15 was on building / renovating toilets across schools especially for girl child.

### CSR Key initiatives FY 2014-15

Ujjivan Corporate Social Responsibility (CSR) Programs has focused on Mr. Narendra Modi, the Honorable Prime Minister of India dream project "Swachh Bharat Abhiyan"

As part of Swachh Bharat Campaign, Ujjivan CSR team helped the school students with proper toilets, sanitation and water facilities in 266 Government Schools across India and approximately 133,224 student beneficiaries are using our facilities. 84% of CSR programs of Ujjivan in FY 2014-15 are towards Swachh Bharat Abhiyan.

| Projects                             | South  | North   | East   | West   | Total   | Volume |
|--------------------------------------|--------|---------|--------|--------|---------|--------|
| Toilet Construction/Renovation       | 78     | 52      | 99     | 37     | 266     | 84%    |
| Healthcare                           | 10     | 8       | 0      | 2      | 20      | 6%     |
| Drinking water facility              | 2      | 4       | 1      | 4      | 11      | 3%     |
| Bus Stand Construction/Renovation    | 5      | 2       | 1      | 0      | 8       | 3%     |
| Public facilities (Road/bridge/park) | 2      | 1       | 1      | 2      | 6       | 2%     |
| Facilities for Schools               | 0      | 3       | 0      | 1      | 4       | 1%     |
| Social Welfare of Orphans/disabled   | 0      | 1       | 0      | 0      | 1       | 0%     |
| Environmental Projects               | 1      | 1       | 0      | 0      | 2       | 1%     |
| Total                                | 98     | 72      | 102    | 46     | 318     | 100%   |
| Beneficiaries                        | 63,401 | 170,700 | 57,747 | 22,760 | 314,608 |        |

During the FY 2014-15, these projects were carried out in 318 branches, benefitting over 300,000 beneficiaries.

An amount of Rs. 1.47 crore was spent on CSR activities during the year 2014-15.

The board has constituted a Corporate Social Responsibility Committee with an Independent Director and two other directors as members.

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 to the CSR policy and projects programs is available on the Company's website.

Ujjivan's CSR Policy is being attached as "Annexure 4" of this Board's Report

**(p) A statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors;**

Ujjivan's Board at its meeting held on March 25, 2015 carried out the evaluation of the Board as a whole, its Committees and the Independent Directors. The Board took on record the evaluation formats approved by the Governance, Nomination and Remuneration Committee (Nomination Committee) for evaluation of (i) Board/ Committees (ii) Managing Director (iii) Independent Directors and (iv) Chairperson.

The Board was updated that the Nomination Committee deliberated on the various evaluation attributes indicated in the evaluation formats for all the directors and after due deliberations made an objective assessment and evaluated that all the directors in the Board have adequate expertise drawn from diverse industries and business and bring specific competencies relevant to the company's business and operations.

The Nomination Committee found the performance of all the Directors to be quite satisfactory and the Board's functioning as well as that of its Committees overall were quite effective.

**Evaluation of the Board**

The Board evaluated its performance as a whole and was satisfied with its performance and composition of independent and non-independent directors.

Further, the Board appreciated that they are comprised of various professionals from diverse backgrounds in the field of finance, law, HR, management etc. which brings to the table different dimensions for effective functioning.

**Evaluation of the Committees of the Board**

The Board evaluated its various committees and was satisfied with each of their composition, functioning, frequency of meetings and the performance of all its Committees.

**Evaluation of the Independent Directors by the Board**

The Board (excluding the independent director being evaluated) discussed the performance of all the Independent Directors of the Company on an individual basis and evaluated that the performance of each Independent Director's namely, Mr. K.R. Ramamoorthy, Mr. Sunil Patel and Ms. Vandana Viswanathan met the expectations of the Company and it is advisable to continue with the term of appointment of the Independent Directors.

**Separate Meeting of Independent Directors:**

The Independent Directors of the Company at their separate meeting held on March 24, 2015 in full attendance, made an objective assessment and evaluation of the performance of (a) the Executive Managing Director (b) the Non Executive Non Independent Directors and (c) the Chairperson of the Company.

They also reviewed the performance of the Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company management and the Board.

**(q) Other Details as required under Rule 8 of the Companies (Accounts) Rules, 2014**

**(i) The financial summary or highlights;**

| Particulars                  | FY 2014-15 (Rs.)     |
|------------------------------|----------------------|
| Operating Income             | 5,993,165,034        |
| Other Income                 | 125,635,557          |
| Total Income                 | <b>6,118,800,591</b> |
| Less: Operational Expenses   |                      |
| Personnel Expenses           | 1,327,695,558        |
| Administrative Expenses      | 654,271,391          |
| Finance Charges              | 2,713,806,964        |
| Depreciation                 | 67,417,317           |
| Provision For Doubtful Debts | 210,476,682          |
| Total operational expenses   | 4,973,667,912        |
| Profit/(Loss) Before Tax     | <b>1,145,132,679</b> |
| Less: Income tax             | 468,047,354          |
| Less Deferred tax            | (80,802,636)         |
| Profit/(Loss) After Tax      | <b>757,887,961</b>   |

## Business Highlights

- 73 new branches in FY 2014-15, and a footprint in the new states of Tripura and Chhatisgarh, makes us the most diversified MFI with a presence in 24 states
- 148% growth in new customer outreach. 10 lakhs NCA – key trigger: Akarshan loans
- Borrower base crossed the important milestone of 2 million, 67% growth over March 2014
- FY 2014-15 disbursements at Rs. 4,328 crore, 106% growth over PY
- Loyalty loans added a significant Rs. 300 crore to the portfolio
- OSP Closed at Rs. 3,218.7 crore (excluding securitised portfolio of Rs. 55.4 crore), 99% growth over PY
- 200% growth in IL business contributing to 10.5% of total OSP, new products launched – Agri and Higher Education Loan. Launch of Secured Lending Business- Secured Business Loan and Secured Housing Loan
- Profitability:** Pre-tax profits - Rs. 114.5 crore and post-tax profits - Rs.75.8 crore for FY 14- 2015
- Efficiency:** Focus on improved TAT – increased customer retention (from 85% in Mar-14 to 87% in Mar-15. OER contained at 8.4% on account of prudent expense management)

(ii) The change in the nature of business, if any;

None

(iii) The details of directors or key managerial personnel who were appointed or have resigned during the year;

| Sr. No. | Name of Director / KMP | Designation | DIN / CS Membership No. | Appointment | Date of Appointment | Cessation | Date of Cessation  |
|---------|------------------------|-------------|-------------------------|-------------|---------------------|-----------|--------------------|
| 1.      | Mr. Ritesh Bawri       | Director    | 00604464                | Appointed   | August 06, 2014     | Resigned  | October 20, 2014   |
| 2.      | Mr. Sanjiv Kapur       | Director    | 01356126                | N.A.        | N.A.                | Resigned  | March 25, 2015     |
| 3.      | Mr. Mohit Bhatnagar    | Director    | 00381741                | N.A.        | N.A.                | Resigned  | March 25, 2015     |
| 4.      | Ms. Mona Kachhwaha     | Director    | 01856801                | N.A.        | N.A.                | Resigned  | March 25, 2015     |
| 5.      | Ms. Christina Juhasz   | Director    | 06451902                | N.A.        | N.A.                | Resigned  | March 25, 2015     |
| 6.      | Mr. Jayanta Kumar Basu | Director    | 01268046                | Appointed   | March 25, 2015      | N.A.      | N.A.               |
| 7.      | Mr. Amit Gupta         | Director    | 02282600                | Appointed   | March 25, 2015      | N.A.      | N.A.               |
| 8.      | Ms. Suhasini Ashok     | KMP – CS    | A20239                  | N.A.        | N.A.                | Resigned  | September 01, 2014 |
| 9.      | Mr. Sanjeev Barnwal    | KMP – CS    | A19180                  | Appointed   | September 01, 2014  | N.A.      | N.A.               |

- (iii) The names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year;

None

- (iv) The details relating to deposits, covered under Chapter V of the Act,

| Sr. No. | Particulars  | Comments |
|---------|--|----------|
| (a)     | Accepted during the year   | None     |
| (b)     | Remained unpaid or unclaimed as at the end of the year   | N.A.     |
| (c)     | Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved<br><br><ul style="list-style-type: none"> <li>• At the beginning of the year;</li> <li>• Maximum during the year;</li> <li>• At the end of the year;</li> </ul> | N.A.     |

- (v) The details of deposits which are not in compliance with the requirements of Chapter V of the Act;

Not applicable; the Company has not accepted any deposits during the year

- (vi) The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;

None

- (vii) The details in respect of adequacy of Internal Financial Controls (IFC) with reference to the Financial Statements

In respect of internal financial control, the Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the timely prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Further, the management regularly reviews the control for any possible changes and takes appropriate actions.

## (r) Other disclosures

### (i) Details of equity shares with differential rights

The Company has not issued any equity shares with differential rights during the year

### (ii) Details of sweat equity shares issued

The Company has not issued any sweat equity shares during the year

### (iii) Details of 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 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 amortising the stock compensation expense thereon over the vesting period, the reported profit for the year ended March 31, 2015 would have been lower by Rs. 14,797,191/- and the basic and diluted EPS would have been revised to Rs. 11.15 and Rs. 10.53 respectively.

Option activity under the plans is as given as below:

| Particulars  | Number                            |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
| Options granted, beginning of year                                     | 4,138,088                         | 4,435,025                         |
| Granted during the year  | -                                 | -                                 |
| Exercised during the year  | -                                 | -                                 |
| Forfeited/Expired during the year                                      | 1,89,668                          | 296,937                           |
| Options granted, as of March 31, 2015                                  | 3,948,420                         | 4,138,088                         |
| Option exercisable at the year end                                     | 2,312,633                         | 1,841,097                         |
| Weighted average of remaining contractual life (years) at the year end | 2.09                              | 2                                 |

(iv) Appointment of Independent Directors

The Company in compliance with the provisions of Section 149 has re-appointed its Independent Directors, Mr. K. R. Ramamoorthy, Mr. Sunil Patel and Ms. Vandana Viswanathan, with the shareholders approval at the EGM held on September 22, 2014 in accordance with the Act.

Each of the Independent Directors has been appointed for a term of five years on the terms and conditions as mentioned in their appointment letters; the extracts of the terms and conditions of the appointment of the independent directors is available on the website of the Company.

(v) Vigil Mechanism

The Company in compliance with Section 177 of the Companies Act, 2013 has established a Whistle Blower Policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy. The Company has a vigil mechanism process wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to the whistle and ethics officer of the Company.

**Name and Address of the Whistle and Ethics Officer**

**Mr. Sunil Kutty – Head HR**

Ujjivan Financial Services Private Limited

Grape Garden, No. 27, 3<sup>rd</sup> A Cross, 18<sup>th</sup> Main, 6<sup>th</sup> Block, Bangalore – 560095, Karnataka

Email: sunil.kutty@ujjivan.com

Protected Disclosure against the Whistle and Ethics Officer should be addressed to the CEO and MD of the Company and the Protected Disclosure against the CEO and MD of the Company should be addressed to the Chairman of the Audit Committee.

**Name and Address of CEO and MD of the Company:**

**Mr. Samit Ghosh**

Ujjivan Financial Services Private Limited

Grape Garden, No. 27, 3<sup>rd</sup> A Cross, 18<sup>th</sup> Main, 6<sup>th</sup> Block, Bangalore - 560095, Karnataka

Email: samit.ghosh@ujjivan.com

**Name and Address of Chairman (Audit Committee):**

**Mr. K. R. Ramamoorthy**

D - 302, Mantri Gardens,

Jayanagar, 1<sup>st</sup> Block, Bangalore - 560011, Karnataka

Email: ram@bankconsult.co.in

The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice  
The whistle blower policy of the Company is being attached as “Annexure 5”

(vi) **Remuneration details of Directors, KMPs, employees**

| Sr. No. | Particulars   | Remarks  |     |                            |    |     |     |     |    |     |
|---------|---|--|-----|----------------------------|----|-----|-----|-----|----|-----|
| 1.      | The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year  | 40.66  |     |                            |    |     |     |     |    |     |
| 2.      | The percentage increase in remuneration of each director, chief financial officer, chief executive officer, company secretary or manager, if any, in the financial year   | <table><tr><td>KMP</td><td>% increase in remuneration</td></tr><tr><td>MD</td><td>50%</td></tr><tr><td>CFO</td><td>15%</td></tr><tr><td>CS</td><td>10%</td></tr></table>   | KMP | % increase in remuneration | MD | 50% | CFO | 15% | CS | 10% |
| KMP     | % increase in remuneration  |  |     |                            |    |     |     |     |    |     |
| MD      | 50%   |  |     |                            |    |     |     |     |    |     |
| CFO     | 15%   |  |     |                            |    |     |     |     |    |     |
| CS      | 10%   |  |     |                            |    |     |     |     |    |     |
| 3.      | The percentage increase in the median remuneration of employees in the financial year;  | 10%  |     |                            |    |     |     |     |    |     |
| 4.      | The number of permanent employees on the rolls of company   | 7,089  |     |                            |    |     |     |     |    |     |
| 5.      | The explanation on the relationship between average increase in remuneration and company performance  | The Company made a growth of 38% in its Net Profit and increased the remuneration of its employees by an average of 10% based on the recommendation of the HR and Compensation Committee of the Board.   |     |                            |    |     |     |     |    |     |
| 6.      | Comparison of the remuneration of the key managerial personnel against the performance of the company   | <p>The Company's revenue and Net Profit has grown by 72% and 38% respectively in FY 2014-15 in comparison to FY 2013-14.</p> <p>The average increase in remuneration of KMP in the FY 2014-15 was 25%.</p>                                     |     |                            |    |     |     |     |    |     |
| 7.      | Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year | <p>The Company's equity shares are not listed.</p> <p>The Company's Net worth has increased from Rs. 372.53 crore as at 31<sup>st</sup> March 2014 to Rs. 736.45 crore as at 31<sup>st</sup> March 2015 – an increase by Rs. 363.92 crore.</p> |     |                            |    |     |     |     |    |     |
| 8.      | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration  | The average increase in the salaries of employees was 10% and the average increase in the managerial remuneration was 25%.   |     |                            |    |     |     |     |    |     |
| 9.      | Comparison of the each remuneration of the key managerial personnel against the performance of the company  | <p>The Company's revenue and Net Profit has grown by 72% and 38% respectively in FY 2014-15 in comparison to FY 2013-14.</p> <p>The average increase in remuneration of KMP in the FY 2014-15 was 25%.</p>                                     |     |                            |    |     |     |     |    |     |

|     |   |  |
|-----|---|--|
| 10. | The key parameters for any variable component of remuneration availed by the directors  | No variable component availed by our Directors                           |
| 11. | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year | No employee received remuneration in excess of the highest paid director |
| 12. | Affirmation that the remuneration is as per the remuneration policy of the company  | Yes  |

**A statement showing the name of every employee of the company, who**

(i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;

**Mr. Samit Ghosh – Managing Director**

| Sr. No. | Particulars  | Details   |
|---------|--|---|
| (i)     | Designation  | Managing Director   |
| (ii)    | Remuneration received  | Rs. 72.55 lakhs   |
| (iii)   | Nature of employment, whether contractual or otherwise               | Permanent   |
| (iv)    | Qualifications and experience of the employee                        | MBA, Bachelor of Arts<br><br>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 serves as the President of Microfinance Institutions Network (MFIN), Chairman of Association of Karnataka Microfinance Institutions (AKMI) and Board Member of Women's World Banking (WWB). He is an alumnus of Jadavpur University and Wharton School. |
| (v)     | Date of commencement of employment                                   | Since inception<br><br>28-12-2004<br><br>First Director of the Company  |
| (vi)    | Age  | 65  |
| (vii)   | The last employment held by such employee before joining the company | Bank Muscat S.A.O.G., India. Chief Executive Officer  |
| (viii)  | The percentage of equity shares held by the employee in the company  | 1.01%   |

(ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;

**Mr. Ittira Davis**

| Sr. No. | Particulars  | Details            |
|---------|--|--------------------|
| (i)     | Designation  | Head of Transition |
| (ii)    | Remuneration received                                  | 2.30 lakhs         |
| (iii)   | Nature of employment, whether contractual or otherwise | Permanent          |

|        |  |   |
|--------|--|---|
| (iv)   | Qualifications and experience of the employee                        | MBA (IIM Ahmedabad) (1976)<br><br>Ittira is an international banker having worked extensively in the Middle East and Europe. He has over 36 years corporate and investment banking experience having arranged syndicated and structured facilities for several corporate, institutional and sovereign borrowers. Developed the 'Bridge to MENA' strategy for Arab Bank Group. He has worked with Citibank in India and the Arab Bank Group in the Middle East and Europe. |
| (v)    | Date of commencement of employment                                   | 17-March-2015   |
| (vi)   | Age  | 60 Years  |
| (vii)  | The last employment held by such employee before joining the company | Europe Arab Bank Plc  |
| (viii) | The percentage of equity shares held by the employee in the company  | Nil   |

(iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

None

#### **Compliance of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has a prevention of sexual harassment policy in place. The Directors further state that during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### **Acknowledgment**

Your Directors wishes to gratefully acknowledge the assistance and guidance received from the RBI, ROC, Investors, Banks, Auditors, Lawyers, Accountants, Suppliers, Partner NGOs, Institutions and Foundations, Police & Government Authorities, 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.

For and on behalf of the Board of Directors

Samit Ghosh                      Sunil Patel  
Managing Director              Independent Director

Date: June 04, 2015

Place: Bangalore

#### **“Annexure 1”**

#### **Extract Of Annual Return in Form MGT-9 as on the Financial Year ended on March 31, 2015**

*[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

#### **I. Registration and other details:**

- |      |  |   |  |
|------|--|---|--|
| i)   | CIN                                    | : | U65999KA2004PTC035329                      |
| ii)  | Registration Date                      | : | December 28, 2004                          |
| iii) | Name of the Company                    | : | Ujjivan Financial Services Private Limited |
| iv)  | Category / Sub-Category of the Company | : | NBFC-MFI                                   |

- v) Address of the Registered Office and Contact Details : Grape Garden, No. 27, 3<sup>rd</sup> A Cross, 18<sup>th</sup> Main, 6<sup>th</sup> Block, Koramangala, Bangalore – 560095, Karnataka
- vi) Whether Listed Company : Yes
- Equity Shares are not listed; however, NCDs of the Company are listed with Bombay Stock Exchange
- vii) Name, address and Contact Details Of Registrar And Transfer Agent, if any: : Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot No 31 & 32  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally  
Hyderabad – 500 008  
P : +91 040 67161604  
e-mail: ramachandra.v@karvy.com  
Website: www.karvy.com

## II. Principal Business Activities of the Company

Non Banking Finance Company engaged in the Micro Finance Lending Business

All The Business Activities Contributing 10 % Or More Of The Total Turnover Of The Company Shall Be Stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Micro Finance Lending                            | 64990                            | 100%                               |

## III. Particulars of Holding, Subsidiary and Associate Companies -

The Company does not have any holding, subsidiary or any associate company

## IV. Shareholding pattern (Equity Share Capital breakup as Percentage of Total Equity)

### I) Category-Wise Share Holding

| Category of Shareholders   | No. of shares held at the beginning of the year |                |                |                   | No. of shares held at the end of the year |                |                |                   | % change during the year |
|----------------------------|---|----------------|----------------|-------------------|---|----------------|----------------|-------------------|--------------------------|
|                            | Demat   | Physical       | Total          | % of total shares | Demat                                     | Physical       | Total          | % of total shares |                          |
| <b>(A) Promoters</b>       |   |                |                |                   |   |                |                |                   |                          |
| <b>1. Indian</b>           |   |                |                |                   |   |                |                |                   |                          |
| a) Individual / HUF        | Nil   | 868,340        | 868,340        | 1.32%             | Nil                                       | 868,340        | 868,340        | 1.01%             | (0.31%)*                 |
| b) Central Govt.           | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | N.A.                     |
| c) State Govt.             | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | N.A.                     |
| d) Bodies Corp.            | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | N.A.                     |
| e) Banks / FI              | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | N.A.                     |
| f) Any other               | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | N.A.                     |
| <b>Sub Total (A) (1):-</b> | <b>Nil</b>                                      | <b>868,340</b> | <b>868,340</b> | <b>1.32%</b>      | <b>Nil</b>                                | <b>868,340</b> | <b>868,340</b> | <b>1.01%</b>      | <b>(0.31%)*</b>          |
| <b>(2) Foreign</b>         |   |                |                |                   |   |                |                |                   |                          |
| a) NRIs – Individuals      | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | N.A.                     |
| b) Other Individuals       | Nil   | Nil            | Nil            | Nil               | Nil                                       | Nil            | Nil            | Nil               | N.A.                     |

| Category of Shareholders   | No. of shares held at the beginning of the year |                   |                   |                   | No. of shares held at the end of the year |                   |                   |                   | % change during the year |
|--|---|-------------------|-------------------|-------------------|---|-------------------|-------------------|-------------------|--------------------------|
|  | Demat   | Physical          | Total             | % of total shares | Demat                                     | Physical          | Total             | % of total shares |                          |
| c) Bodies Corp.  | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| d) Banks / FI  | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| e) Any Other   | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| <b>Sub Total (A) (2):-</b>   | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| <b>Total Shareholding Of Promoter (A) = (A)(1) + (A)(2)</b>                      | <b>Nil</b>                                      | <b>868,340</b>    | <b>868,340</b>    | <b>1.32%</b>      | <b>Nil</b>                                | <b>868,340</b>    | <b>868,340</b>    | <b>1.01%</b>      | <b>(0.31%)*</b>          |
| <b>B. Public Shareholding</b>  |   |                   |                   |                   |   |                   |                   |                   |                          |
| 1. Institutions  |   |                   |                   |                   |   |                   |                   |                   |                          |
| a) Mutual Funds  | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| b) Banks / FI  | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| c) Central Govt.   | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| d) State Govt.(s)  | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| e) Venture Capital Funds   | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| f) Insurance Companies   | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| g) FIs   | 14,302,832                                      | 45,420,961        | 59,723,793        | 91.07%            | 49,000,487                                | 27,387,965        | 76,388,452        | 88.69%            | (2.38%)                  |
| h) Foreign Venture Capital Funds   | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| i) Others (Specify)  | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| <b>Sub Total (B) (1)</b>   | <b>14,302,832</b>                               | <b>45,420,961</b> | <b>59,723,793</b> | <b>91.07%</b>     | <b>49,000,487</b>                         | <b>27,387,965</b> | <b>76,388,452</b> | <b>88.69%</b>     | <b>(2.38%)</b>           |
| 2. Non Institutions  |   |                   |                   |                   |   |                   |                   |                   |                          |
| a) Bodies Corp.  |   |                   |                   |                   |   |                   |                   |                   |                          |
| i) Indian  | 1,333,340                                       | 350,000           | 1,683,340         | 2.57%             | 5,220,287                                 | 525,000           | 5,745,287         | 6.67%             | 4.10%                    |
| ii) Overseas   | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |
| b) Individuals   |   |                   |                   |                   |   |                   |                   |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh         | Nil   | 6250              | 6250              | 0.01%             | Nil                                       | 6250              | 6250              | 0.01%             | Nil                      |
| i) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh | 50,000  | 3,249,640         | 3,299,640         | 5.03%             | 50,000                                    | 3,074,640         | 3,124,640         | 3.63%             | (1.40%)                  |
| <b>Sub Total (B) (2)</b>   | <b>1,383,340</b>                                | <b>3,605,890</b>  | <b>4,989,230</b>  | <b>7.61%</b>      | <b>5,270,287</b>                          | <b>3,605,890</b>  | <b>8,876,177</b>  | <b>10.31%</b>     | <b>2.70%</b>             |
| <b>Total Public Shareholding (B) = (B)(1) + B)(2)</b>                            | <b>15,686,172</b>                               | <b>49,026,851</b> | <b>64,713,023</b> | <b>98.68%</b>     | <b>54,270,774</b>                         | <b>30,993,855</b> | <b>85,264,629</b> | <b>98.99%</b>     | <b>0.31%</b>             |
| C. Shares held by Custodian for GDRs & ADRs                                      | Nil   | Nil               | Nil               | Nil               | Nil                                       | Nil               | Nil               | Nil               | N.A.                     |

| Category of Shareholders       | No. of shares held at the beginning of the year |                   |                   |                   | No. of shares held at the end of the year |                   |                   |                   | % change during the year |
|--------------------------------|---|-------------------|-------------------|-------------------|---|-------------------|-------------------|-------------------|--------------------------|
|                                | Demat   | Physical          | Total             | % of total shares | Demat                                     | Physical          | Total             | % of total shares |                          |
| <b>Grand Total (A)+(B)+(C)</b> | <b>15,686,172</b>                               | <b>49,895,191</b> | <b>65,581,363</b> | <b>100.00%</b>    | <b>54,270,774</b>                         | <b>31,862,195</b> | <b>86,132,969</b> | <b>100.00%</b>    |                          |

\* No change in Promoters shares held; however % shareholding changed because of infusion of fresh equity during the year

## (ii) Shareholding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | -  |
|---------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|         |                    | No. of Shares                             | % of total shares of the Company | % of shares pledged / encumbered to total shares | No. of Shares                       | % of total shares of the Company | % of shares pledged / encumbered to total shares | % change in shareholding during the year |
| 1.      | Mr. Samit Ghosh    | 868340                                    | 1.32%                            | Nil  | 868,340                             | 1.01%                            | Nil  | - 0.31%*                                 |

\* No change in shares held; however % shareholding changed because of infusion of fresh equity during the year

## (iii) Change in Promoters' Shareholding

| Sr. No. |  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of Shares                             | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| 1.      | At the beginning of the year                           | 868,340                                   | 1.32%                            | 868,340                                 | 1.01%*                           |
|         | No increase / decrease in shareholding during the year |   |                                  |   |                                  |
|         | At the end of the year                                 | 868,340                                   | 1.32%                            | 868,340                                 | 1.01%*                           |

\* No change in shares held; however % shareholding changed because of infusion of fresh equity during the year

## (iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr. No.    | Name of the Shareholder                    | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------|--|---|----------------------------------|---|----------------------------------|
|            |  | No. of Shares                             | % of total shares of the Company | No. of Shares                           | % of total shares of the Company |
| <b>(1)</b> | <b>CDC Group Plc</b>                       |   |                                  |   |                                  |
|            | At the beginning of the year               | Nil                                       | Nil                              | Nil                                     | Nil                              |
| 18-Mar-15  | Preferential Allotment made on 18-Mar-2015 |   |                                  | 10,932,696                              | 12.69%                           |
|            | At the end of the year                     |   |                                  | 10,932,696                              | 12.69%                           |

|           | Name of the Shareholder   | Shareholding at the beginning of the year |        | Cumulative Shareholding during the year |        |
|-----------|---|---|--------|---|--------|
| (2)       | International Finance Corporation   |   |        |   |        |
|           | At the beginning of the year  | 7,894,737                                 | 12.04% | 7,894,737                               | 12.04% |
| 18-Feb-15 | Preferential Allotment of 2,307,669 equity shares on 18-Feb-2015                                      |   |        | 10,202,406                              | 13.57% |
|           | At the end of the year  |   |        | 10,202,406                              | 11.84% |
|           |   |   |        |   |        |
| (3)       | Alena Private Limited   |   |        |   |        |
|           | At the beginning of the year  | Nil                                       | Nil    | Nil                                     | Nil    |
| 04-Mar-15 | Transfer of 9,207,251 Shares from various existing shareholders to Alena Private Limited              |   |        | 9,207,251                               | 12.24% |
|           | At the end of the year  |   |        | 9,207,251                               | 10.69% |
|           |   |   |        |   |        |
| (4)       | NewQuest Asia Investments II Limited  |   |        |   |        |
|           | At the beginning of the year  | Nil                                       | Nil    | Nil                                     | Nil    |
| 11-Mar-15 | Transfer of 819,952 Shares from various existing shareholders to NewQuest Asia Investments II Limited |   |        | 819,952                                 | 10.90% |
|           | At the end of the year  |   |        | 8,199,522                               | 9.52%  |
|           |   |   |        |   |        |
| (5)       | Elevar Equity Mauritius   |   |        |   |        |
|           | At the beginning of the year  | 5,535,732                                 | 8.44%  | 5,535,732                               | 8.44%  |
| 16-Feb-15 | Preferential Allotment of 819,952 equity shares on 16-Feb-2015  |   |        | 6,355,684                               | 8.72%  |
|           | At the end of the year  |   |        | 6,355,684                               | 7.38%  |
|           |   |   |        |   |        |
| (6)       | Lok Capital II LLC  |   |        |   |        |
|           | At the beginning of the year  | 5,870,426                                 | 8.95%  | 5,870,426                               | 8.95%  |
|           | No increase / decrease in shareholding during the year  |   |        |   |        |
|           | At the end of the year  |   |        | 5,870,426                               | 6.82%  |

|           | Name of the Shareholder  | Shareholding at the beginning of the year |        | Cumulative Shareholding during the year |        |
|-----------|--|---|--------|---|--------|
| (7)       | Women’s World Banking Capital Partners, L.P.(Formerly known as WWB Isis Fund L.P.) |   |        |   |        |
|           | At the beginning of the year   | 4,290,610                                 | 6.54%  | 4,290,610                               | 6.54%  |
| 19-Sep-14 | Transfer of 1,116,010 Shares from Lok Capital LLC to WWB                           |   |        | 5,406,620                               | 8.24%  |
| 16-Oct-14 | Transfer of 8 Shares from Lok Capital LLC to WWB                                   |   |        | 5,406,628                               | 8.24%  |
|           | At the end of the year   |   |        | 5,406,628                               | 6.28%  |
|           |  |   |        |   |        |
| (8)       | Bajaj Holdings & Investment Limited  |   |        |   |        |
|           | At the beginning of the year   | Nil                                       | Nil    | Nil                                     | Nil    |
| 30-Jan-15 | Preferential Allotment of 5,124,702 equity shares on 30-Jan-2015                   |   |        | 5,124,702                               | 7.25%  |
|           | At the end of the year   |   |        | 5,124,702                               | 5.95%  |
|           |  |   |        |   |        |
| (9)       | Sequoia Capital India Investments III  |   |        |   |        |
|           | At the beginning of the year   | 9,529,376                                 | 14.53% | 9,529,376                               | 14.53% |
| 04-Mar-15 | Transfer of 2,740,112 Shares from Sequoia to Alena Private Limited                 |   |        | 6,789,264                               | 9.03%  |
| 11-Mar-15 | Transfer of 2,587,988 Shares from Sequoia to NewQuest Asia Investments II Limited  |   |        | 4,201,276                               | 5.59%  |
|           | At the end of the year   |   |        | 4,201,276                               | 4.88%  |
|           |  |   |        |   |        |
| (10)      | India Financial Inclusion Fund (IFIF)  |   |        |   |        |
|           | At the beginning of the year   | 5,896,182                                 | 8.99%  | 5,896,182                               | 8.99%  |
| 04-Mar-15 | Transfer of 1,356,596 Shares from IFIF to Alena Private Limited                    |   |        | 4,539,586                               | 6.04%  |
| 11-Mar-15 | Transfer of 1,030,814 Shares from IFIF to NewQuest Asia Investments II Limited     |   |        | 3,508,772                               | 4.67%  |
|           | At the end of the year   |   |        | 3,508,772                               | 4.07%  |

**(V) Indebtedness**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

|  | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year (01-04-2014) |                                     |                    |          |                    |
| i) Principal Amount  | 1,646.50                            | 3.50               | -        | 1,650.00           |
| ii) Interest due but not paid                                    | -                                   | -                  | -        | -                  |
| iii) Interest accrued but not due                                | 9.89                                | 0.00               | -        | 9.89               |
| Total (I + ii + iii)   | 1,656.39                            | 3.50               | -        | 1,659.89           |
| Changes in Indebtedness during the financial year                |                                     |                    |          |                    |
| Addition   | 2,750.95                            | 52.24              | -        | 2,803.19           |
| Reduction  | 1,331.39                            | -                  | -        | 1,331.39           |
| Net Change   | 1,419.57                            | 52.24              | -        | 1,471.81           |
| Indebtedness at the end of the financial year (31-03-2015)       |                                     |                    |          |                    |
| i) Principal Amount  | 3,066.07                            | 55.74              | -        | 3,121.81           |
| ii) Interest due but not paid                                    | -                                   | -                  | -        | -                  |
| iii) Interest accrued but not due                                | 21.18                               | 0.47               | -        | 21.65              |
| Total (I + ii + iii)   | 3,087.25                            | 56.21              | -        | 3,143.46           |

**(vi) Remuneration of Directors and Key Managerial Personnel**

A. Remuneration to Managing Director, Whole Time Directors and / or Manager:

| Sl. No. | Particulars of Remuneration   | Name of MD / WTD / Manager | Total Amount |
|---------|---|----------------------------|--------------|
| 1.      | Gross Salary  |                            |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 | Mr. Samit Ghosh            | 7,255,064    |
|         | (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961                      |                            | Nil          |
|         | (c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961                 |                            | Nil          |
| 2.      | Stock Option  |                            | Nil          |
| 3.      | Sweat Equity  |                            | Nil          |
| 4.      | Commission  |                            | Nil          |
|         | - As % of profit  |                            |              |
|         | - Other, specify  |                            |              |
|         | Total (A)   |                            | 7,255,064    |
|         | Ceiling as per the Act  |                            | No ceiling   |

**B. Remuneration to Other Directors:**

(in Rs.)

| Sl. No. | Particulars of Remuneration                             | Name of Directors   |                 |                         | Total Amount |
|---------|---|---|-----------------|-------------------------|--------------|
|         | 1) Independent Directors                                | Mr. K.R. Ramamoorthy  | Mr. Sunil Patel | Ms. Vandana Viswanathan |              |
|         | • Fees for attending board and board committee meetings | 371,630   | 307,922         | 350,394                 | 1,029,946    |
|         | • Commission  | Nil   | Nil             | Nil                     | Nil          |
|         | • Other, please specify                                 | Nil   | Nil             | Nil                     | Nil          |
|         | Total (1)   | 371,630   | 307,922         | 350,394                 | 1,029,946    |
|         |   |   |                 |                         |              |
|         | 2) Other Non Executive Directors                        | Ms. Bhama Krishnamurthy   |                 |                         |              |
|         | • Fees for attending board and board committee meetings | 47,781  |                 |                         | 47,781       |
|         | • Commission  | Nil   |                 |                         | Nil          |
|         | • Other, please specify                                 | Nil   |                 |                         | Nil          |
|         | Total (B) = (1+2)                                       |   |                 |                         | 1,077,727    |
|         | Total Managerial Remuneration                           |   |                 |                         | 83,32,791    |
|         | Overall ceiling as per the Act                          | Sitting fees payable to a director for attending Board / Committee Meeting shall not exceed Rs. 1,00,000/- per meeting and the Company is well in compliance of the same. |                 |                         |              |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

| Sl. No. | Particulars of Remuneration   | Key Managerial Personnel     |                              |   |  | Total Amount |
|---------|---|------------------------------|------------------------------|---|--|--------------|
| 1.      | <b>Gross Salary</b>   | <b>Mr. Samit Ghosh - CEO</b> | <b>Ms. Sudha Suresh -CFO</b> | <b>Mr. Sanjeev Barnwal - CS (w.e.f. 01.09.2014)</b> | <b>Ms. Suhasini Ashok – CS (till 31.08.2014)</b> |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 | 7,255,064                    | 4,355,182                    | 1,178,236   | 542,816  | 13,331,298   |
|         | (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961                      | Nil                          | Nil                          | Nil   | Nil  | Nil          |
|         | (c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961                 | Nil                          | Nil                          | Nil   | Nil  | Nil          |

|    |  |            |           |           |         |            |
|----|--|------------|-----------|-----------|---------|------------|
| 2. | Stock Option                                       | Nil        | Nil       | Nil       | Nil     | Nil        |
| 3. | Sweat Equity                                       | Nil        | Nil       | Nil       | Nil     | Nil        |
| 4. | Commission<br>- As % of profit<br>- Other, specify | Nil        | Nil       | Nil       | Nil     | Nil        |
|    | Total (A)  | 7,255,064  | 4,355,182 | 1,178,236 | 542,816 | 13,331,298 |
|    | Ceiling as per the Act                             | No Ceiling |           |           |         |            |

## VII. Penalties / Punishment / Compounding of Offences:

| Type                         | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / Court] | Appeal made, if any (give details) |
|------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. Company                   |                              |                   |  |                               |                                    |
| Penalty                      | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |
| Punishment                   | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |
| Compounding                  | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |
| B. Directors                 |                              |                   |  |                               |                                    |
| Penalty                      | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |
| Punishment                   | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |
| Compounding                  | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |
| C. Other Officers in Default |                              |                   |  |                               |                                    |
| Penalty                      | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |
| Punishment                   | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |
| Compounding                  | Nil                          | N.A.              | N.A.   | N.A.                          | N.A.                               |

### “Annexure 2”

#### ***Ujjivan Nomination and Remuneration Policy***

*(Updated as on March 25, 2015)*

The Governance, Nomination & Remuneration Committee of Ujjivan Financial Services Private Limited (“the Company”) was constituted on December 18, 2009 and as on March 25, 2015, the Committee consists of four Non-Executive (three Independent) Directors. In order to align with the provisions of the Companies Act, 2013, the Board on May 16, 2014 clubbed the “Governance Committee” and “Nomination and Remuneration Committee together and re-named it as “Governance, Nomination and Remuneration Committee” which for all the purposes of the Companies Act, 2013, would be treated as Nomination and Remuneration Committee.

#### **1. Objective**

The Governance, Nomination and Remuneration Committee (‘hereinafter referred to as ‘Nomination Committee’ or ‘the Committee’) and this Policy are to ensure compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules.

Section 178(1) prescribes that the Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors:

However, the Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

#### **The Key Objectives of the Committee would be:**

- To develop and recommend to the Board a set of corporate governance principles, takes a leadership role in shaping the corporate governance of the company.
- To identify, assess and recommend to the Board nominees for appointment as independent Directors and as Lead Director/Non-Executive Chairman.

- c) To make recommendations to the Board as to the size, composition, structure of the Board and also evaluation criteria of the independent directors, including Non-Executive Chairman, conduct annual review of the performance of the Chief Executive Officer and also oversee the Company's Chief Executive Officer's succession planning process.
- d) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- e) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

## 2. Effective Date

This policy has been formulated by the Governance, Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 25<sup>th</sup> November 2014. This policy shall be operational with immediate effect.

## 3. Definitions

- (a) **"Committee"**- Committee means Governance, Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- (b) **"Independent Director"** - An Independent Director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director :
  - 1) Who, in the opinion of the board, is a person of integrity and possesses relevant expertise and experience;
  - 2) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
  - (ii) Who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
  - 3) Who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
  - 4) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. Or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
  - 5) Who, neither himself nor any of his relatives:
    - (1) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- (2) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of:
  - (i) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
  - (ii) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. Or more of the gross turnover of such firm;
  - (iii) Holds together with his relatives two per cent. Or more of the total voting power of the company; or
  - (iv) Is a chief executive or director, by whatever name called, of any nonprofit organisation that receives twenty- five per cent. Or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. Or more of the total voting power of the company; or
- 6) Who possesses such other qualifications as may be prescribed.
- (c) **"Key Managerial Personnel"** - Key Managerial Personnel means
  - (i) Chief Executive Officer or the Managing Director or the Manager;
  - (ii) Company Secretary,
  - (iii) Whole-time Director;
  - (iv) Chief Financial Officer; and
  - (v) Such other Officer as may be prescribed.

- (d) **"Senior Management"** - Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the executive directors including all functional heads.

*Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.*

## 4. Applicability

The Policy is applicable to

- All Directors (Executive, Non Executive and Independent)
- Key Managerial Personnel
- Senior Management Personnel

## 5. Constitution Of The Committee

- 1.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 1.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 1.3 Chairman of the Committee shall be an Independent Director.
- 1.4 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- 1.5 In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- 1.6 Chairman of the Committee or in his absence, any other member of the Committee authorised by him shall attend the General Meetings of the Company.
- 1.7 Membership of the Committee shall be disclosed in the Annual Report.
- 1.8 Term of the Committee shall be continued unless terminated by the Board of Directors.
- 1.9 The Board has the power to constitute/reconstitute the Committee from time to time in order to make it consistent with the Company's policy and applicable statutory requirement.

## 6. Role of committee

The role of the Committee inter alia will be the following:

- 1.1 To make recommendations to the Board as to the size, composition, structure of the Board and also evaluation criteria of the independent directors, including non-Executive Chairman, conduct annual review of the performance of the Chief Executive Officer and also oversee the Company's Chief Executive Officer's succession planning process.
- 1.2 To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- 1.3 To recommend to the Board the appointment and removal of Senior Management
- 1.4 To carry out evaluation of Director's performance and recommend to the Board appointment/removal based on his/ her performance.
- 1.5 To recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.
- 1.6 To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- 1.7 Ensure that level and composition of remuneration is reasonable and sufficient, relationship of

remuneration to performance is clear and meets appropriate performance benchmarks,

- 1.8 To devise a policy on Board diversity;

## 7. Frequency of meetings

The meeting of the Committee shall be held at such regular intervals as may be required

## 8. General appointment criteria

- 1.1 The Committee shall consider the ethical standards of integrity and probity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and accordingly recommend to the Board his / her appointment.
- 1.2 The Company should ensure that the person so appointed as Director/ Independent Director/ KMP/ Senior Management Personnel shall not be disqualified under the Companies Act, 2013, rules made thereunder or any other enactment for the time being in force.
- 1.3 The Director/ Independent Director/ KMP/ Senior Management Personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made thereunder or any other enactment for the time being in force.

## 9. Additional Criteria for Appointment of Independent Directors

The Committee shall consider qualifications for Independent Directors as mentioned in herein earlier under the head 'Definitions' and also their appointment shall be governed as per the provisions of the Companies Act, 2013 and the respective Schedule IV and the rules made thereunder.

### Term/ Tenure:

The Term/ Tenure of the Directors shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

### Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations or any other reasonable ground, the Committee may recommend to the Board for removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## 10. Criteria for evaluation of independent director and the board

Following are the Criteria for evaluation of performance of Independent Directors and the Board:

### A. Executive Directors

The Executive Directors shall be evaluated on the basis of targets/ Criteria given to executive Directors by the board from time to time

### B. Non-executive Director:

The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether they:

- (a) Act objectively and constructively while exercising their duties;
- (b) Exercise their responsibilities in a bona fide manner in the interest of the company;
- (c) Devote sufficient time and attention to their professional obligations for informed and balanced decision making;
- (d) Do not abuse their position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (e) Refrain from any action that would lead to loss of his independence
- (f) Inform the board immediately when they lose their independence,
- (g) Assist the company in implementing the best corporate governance practices.
- (h) Strive to attend all meetings of the board of directors and the committees;
- (i) Participate constructively and actively in the committees of the board in which they are chairpersons or members;
- (j) Strive to attend the general meetings of the company;
- (k) Keep themselves well informed about the company and the external environment in which it operates;
- (l) Do not unfairly obstruct the functioning of an otherwise proper board or committee of the board;
- (m) Moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.
- (n) Abide by company's memorandum and articles of association, company's policies and procedures including code of conduct, insider trading guidelines etc.

## 11. Remuneration

The Committee will recommend to the Board for approval, the remuneration to be paid to the Managing Director, Independent Directors, Nominee Directors, KMP's and Senior Management Personnel.

The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate directors, Key Managerial Personnel and Senior Management of the quality required to run the company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration should also involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

### A. Director/Managing Director

Besides the above Criteria, the remuneration/

compensation/commission etc to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force and based on the recommendation and evaluation of the Nomination and Remuneration Committee.

### B. Independent Directors

The Independent Directors will be entitled to receive any sitting fees or other reimbursements in accordance with the provisions of the Articles of Association of the Company as amended from time to time and any revision will be based on the recommendation of the Nomination and Remuneration Committee and as agreed by the Board.

### C. Non-Executive Nominee Directors

The Nominee Directors will be entitled to receive any sitting fees or other reimbursements in accordance with the provisions of the Articles of Association of the Company as amended from time to time and any revision will be based on the recommendation of the Nomination and Remuneration Committee and as agreed by the Board.

### D. KMPs / Senior Management Personnel etc.

The remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any, prescribed under the Companies Act, 2013 and rules made thereunder or any other enactment for the time being in force.

The remuneration will also be guided and based on market and industry trends to ensure that Ujjivan is able to attract and retain the KMPs and Senior Management Personnel required for the success of the Company.

The Nomination and Remuneration Committee in close coordination with the HR Committee of the Company will evaluate the performance of the KMPs and Senior Management and recommend any revisions and incentivize their short-term and long-term performance objectives. The above evaluation and revisions will be based on the industry and market dynamics.

### E. Directors' and Officers' Insurance

Where any insurance is taken by the Company on behalf of its Directors, KMPs, Senior Management Personnel, etc. for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

### F. Remuneration Review and Approval

The HR Committee shall present a detailed

remuneration revision proposal to the Nomination and Remuneration Committee/ Board at least once a year that:

- Shares data and trends of remuneration of Directors, KMPs and Senior Management
- Includes the recommended levels of remuneration to ensure that Ujjivan is able to attract, retain and motivate directors, KMPs and Senior Management to run the Company successfully
- Takes into account the financial performance and remuneration philosophy of the organisation
- Outlines with clarity the relationship between remuneration and performance, and mechanism to incentivize short-term and long-term performance objectives, specifically for KMPs and Senior Management

## 12. Committee Members' Interests

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## 13. Secretary

The Company Secretary of the Company shall act as Secretary of the Committee.

## 14. Voting

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## 15. Nomination Duties

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- Identifying and recommending directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new directors for appointment to the Board;

- Developing a succession plan for the Board and senior management and regularly reviewing the plan;
- Evaluating the performance of the Board members and senior management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board.
- Considering any other matters as may be requested by the Board

## 16. Minutes Of Committee Meeting

Minutes of the Committee meetings will be tabled at the subsequent Committee and Board meeting and must be signed by the Chairman of the Committee at the subsequent meeting.

### "Annexure 3"

#### Secretarial Audit Report

#### For The Financial Year Ended 31<sup>st</sup> March, 2015

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

The Members,

**Ujjivan Financial Services Private Limited**

CIN: U65999KA2004PTC035329

Grape Garden, No.27, 3<sup>rd</sup> 'A' Cross 18<sup>th</sup> Main

6th Block, Koramangala

Bangalore - 560095

I have conducted the **Secretarial Audit** of the compliance of applicable statutory provisions and the adherence to good corporate practices by **UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED (CIN: U65999KA2004PTC035329)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup>

March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 and/or The Companies Act, 1956 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (vi) Following laws, Norms and Directions as applicable specifically to Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI):
  - (a) Reserve Bank of India Act, 1934;
  - (b) Non-Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2011;
  - (c) Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions, 2011;
  - (d) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 and Modifications thereof.

I have also examined compliance with the applicable clauses of the Listing Agreement for debt securities entered into by the Company with Bombay Stock Exchange, Mumbai.

Secretarial Standards issued by The Institute of Company Secretaries of India were not applicable during the financial year as per ICSI Notification No. 1 (SS) of 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines mentioned above.

**I further report that,** based on the information provided by the Company, its officers and authorized representatives, during the conduct of the audit and also on the review of the details, records, documents and papers provided, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and to ensure compliance with applicable general laws like labour laws, competition law and environmental law.

**I further report that,** the compliance of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

**I further report that,** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except for the board meeting held on 30<sup>th</sup> April, 2014, for which consent for shorter notice was obtained and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions were carried unanimously and there were no dissenting views.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period:

1. The Board of Directors duly met 6(Six) times respectively on 30<sup>th</sup> April, 2014, 16<sup>th</sup> May, 2014, 06<sup>th</sup> August, 2014, 25<sup>th</sup> November, 2014, 27<sup>th</sup> January, 2015 and 25<sup>th</sup> March, 2015.
2. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2014 was held on 25<sup>th</sup> July, 2014.
3. Five Extraordinary General Meetings were held on 07<sup>th</sup> May, 2014, 22<sup>nd</sup> September, 2014, 23<sup>rd</sup> December, 2014, 25<sup>th</sup> February, 2015 and 31<sup>st</sup> March, 2015 during the financial year.
4. The Company has obtained necessary approvals from the members as per the provisions of Section 180 of Companies Act, 2013 in the Extraordinary General Meeting held on 7<sup>th</sup> May, 2014 to borrow up to Rs. 3000 Crore and again approval from the members was obtained to increase the borrowing limit from Rs. 3000 Crore to Rs. 4500 Crore in the Extraordinary General Meeting held on 23<sup>rd</sup> December, 2014.
5. The Company has altered the Memorandum of Association of the Company in the Extraordinary General Meeting held on 22<sup>nd</sup> September, 2014 for increase in authorized share capital.
6. The Company has altered the provisions of its Articles of Association of the Company thrice in the Extraordinary General Meetings of the Company held on 25<sup>th</sup> July, 2014, 25<sup>th</sup> February, 2015 and on 31<sup>st</sup> March, 2015.
7. The Company has issued and allotted 2,05,51,606 Equity shares of Rs.10/- each at a premium of Rs.136.35 during the financial year on preferential

basis as per Section 62(1)(c) of Companies Act, 2013 and the Company obtained approval of the Members in the Extraordinary General Meeting held on 23<sup>rd</sup> December, 2014 for issue and allotment of above said Equity Shares.

Details of allotments are as follows:

| Sl No. | Date of allotment | No. of equity shares | Name of allottees                   |
|--------|-------------------|----------------------|-------------------------------------|
| 01     | 30.01.2015        | 5,124,702            | Bajaj Holdings & Investment Limited |
| 02     | 05.02.2015        | 1,366,587            | CX Partner Fund 1 Limited           |
| 03     | 16.02.2015        | 819,952              | Elevar Equity Mauritius             |
| 04     | 18.02.2015        | 2,307,669            | International Finance Corporation   |
| 05     | 18.03.2015        | 10,932,696           | CDC Group PLC                       |

8. The Company has issued and allotted 2250 listed rated redeemable Secured non-convertible debentures of face value of Rs.10,00,000/- each during the financial year on Private placement basis as per Section 42 Companies Act, 2013 and the Company has obtained approval of the Members for issue of above said NCDs on 7<sup>th</sup> May, 2014.

Details of issue are as follows:

| Sl No. | Date of issue & allotment | No. of NCDs | Interest rate | Name of allottees   |
|--------|---------------------------|-------------|---------------|---|
| 01     | 01.07.2014                | 600         | 12.60%        | International Finance Corporation   |
| 02     | 12.12.2014                | 250         | 13.65%        | UTI Income Opportunities Fund   |
|        |                           | 250         | 13.65%        | UTI Unit Linked Insurance Plan  |
| 03     | 26.12.2014                | 400         | 13.25%        | Oiko Credit Ecumenical Development Cooperative Society                                |
| 04     | 20.03.2015                | 750         | 13.00%        | Reliance Capital Trustee Co. Limited (A/c. Reliance Regular Savings Fund-Dept Option) |

9. The Company has redeemed 230 secured, redeemable, non-convertible debentures carrying an interest rate of 12.86% and having face value of Rs. 10,00,000/- each (Rupees Ten Lakhs only) aggregate amount of Rs. 23,00,00,000 (Rupees Twenty Three Crore Only) on 26<sup>th</sup> July, 2014 and 170 secured, redeemable, non-convertible debentures carrying an interest rate of 12.75% and having face value of Rs. 10,00,000/- each (Rupees Ten Lakhs only) aggregate amount of Rs. 17,00,00,000 (Rupees Seventeen Crore Only) on 28<sup>th</sup> August, 2014 .

**Date:** 04.06.2015

**Place:** Bangalore

**K. Jayachandran**

**ACS No.:** 11309

**CP No.:** 4031

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report

#### Annexure A

To,

The Members,  
Ujjivan Financial Services Private Limited  
Grape Garden, No.27, 3<sup>rd</sup> 'A' Cross 18<sup>th</sup> Main  
6<sup>th</sup> Block, Koramangala, Bangalore, Karnataka  
India – 560 095

Our report of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Date:** 04:06.2015

**K. Jayachandran**

**Place:** Bangalore

**ACS No.:** 11309

**CP No.:** 4031

### **Ujjivan Corporate Social Responsibility Policy**

#### **A. Ujjivan's Mission & Objective on Corporate Social Responsibility (CSR)**

Ujjivan mission and objective is to provide full range of financial services to the economically active poor to enable customers lead a "better life, reaching out to underserved communities is a part of our DNA. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face, and working towards making a meaningful difference to their lives. The company also has a holistic approach to poverty reduction and in partnership with Parinaam Foundation, is engaged in social welfare programs in healthcare, education, vocational training, community development, shelter, and disaster relief.

#### **B. Ujjivan's Vision of CSR**

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has, on May Through sustainable measures, actively contribute to the Social, Economic and Environmental Development of the community in which we operate ensuring participation from the community and thereby create value for the nation.

#### **C. Ujjivan CSR Committee of the Board Of Directors**

The Board of Directors of Ujjivan has constituted a board committee for CSR called as Corporate Social Responsibility Committee which is constituted by at least One Independent Director and Two Non Independent Directors. The CSR committee will review the progress of CSR activities and the funds utilized with impact achieved on a periodical basis.

#### **D. Ujjivan CSR activities**

The company constantly strives to ensure strong corporate culture which emphasizes on integrating CSR values with business objectives. It pursues initiatives to eradicate hunger poverty; promoting preventive health care and making available safe drinking water; promoting education, including special education,

employment enhancing vocational skill training for women , promoting gender equality , programs for empowering women and projects for environmental protection .

Ujjivan CSR activities span five key areas and our single-minded goal here is to holistically approach poverty reduction and bettering quality of lives through social development projects.

- **Community Infrastructure Development Projects**

Minor constructions and renovations such as bus stands (waiting sheds), public parks, schools and anganwadis, public toilets, water connections and public taps, public library, Construction of foot over bridges, reconstruction / renovation of existing damaged infrastructure etc.

- **Environmental Projects**

Ensuring environmental sustainability, recharge-pit for bore wells, solar lamps at public places (e.g. Government hospitals), conservation of natural resources and maintaining quality of soil, air and water.

- **Public amenities, Health and Hygiene:**

- a) Safe drinking water facility at public places (bus stand, schools, hospitals etc),
- b) safety for public (fencing electric transforms, road signals),
- c) Public health and hygiene (supporting PHCs & maternity homes, cleaning public places, clearing garbage dumps, providing dust bins, improving drainage, area spraying for Malaria, Chikengunya, Dengue, public awareness programs etc)

- **Promoting Education:**

Providing facilities in schools & Anganwadis, Initiatives for Girl child education, merit scholarships for technical education.

- **Social Welfare:**

Relief programs and facilities to orphanages, old age homes, mentally & physically challenged personals etc.

- Any other projects that are relevant and qualifies for CSR activities under the Companies Act, 2013.

#### **E. Ujjivan Management Commitment on CSR Implementation**

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of proactive participation in the social development programmes as a part of their Corporate Social Responsibility and commitment to human welfare. We believe and act on an ethos of generosity and compassion, characterized by a willingness to build a society and make it a better place to live in that works for everyone. This is the cornerstone of our CSR policy.

Our Corporate Social Responsibility policy conforms to the provisions of the Companies Act, 2013, Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

## F. Ujjivan CSR Funds

The corpus for the purpose of carrying on the aforesaid activities would include the followings:

- 2% of the average Net Profit made by the Company during immediately preceding three Financial Years.
- Any income arising there from.
- Surplus arising out of csr activities carried out by the company and such surplus will not be part of business profit of the company.

## G. Monitoring

The CSR department will provide regular progress report to the CSR Committee of the Board. This report would indicate:

1. Achievement since last progress report / during the last quarter in terms of coverage compared to the target.
2. Achievement of the year-to-date in terms of coverage compared to the target, plans to overcome shortfalls if any and support required from the CSR Committee/Board to overcome the shortfalls.
3. Actual year-to-date spends compared to the budget and reasons for variance.

The Board shall seek a short progress report from the CSR Committee on a quarterly basis.

## “Annexure 5”

### Ujjivan Financial Services Private Limited Vigil Mechanism / Whistle Blower Policy

#### 1) Preface

Section 177 of the Companies Act, 2013 and the Rules thereunder, prescribes that (a) every listed company, (b) the Companies which accepts deposits from the public and (c) the Companies which have borrowed money from banks and public financial institutions in excess of Rupees Fifty Crore, shall establish a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy. The Company has adopted a Code of Conduct for Directors and Senior Management Executives (“the Code”), which lays down the principles and standards that should govern the actions of the Company and its employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. Such a vigil mechanism shall provide for adequate safeguards against victimization of directors and employees who avail of such mechanism and also make provisions for direct access to the Chairperson of Audit Committee in exceptional cases.

Ujjivan Financial Services Private Limited (“Ujjivan” or “the Company”), being a Listed Company (its NCDs being listed with BSE) and has borrowed fund in excess of Rupees Fifty Crore, in compliance with the aforesaid provisions of the Companies Act, 2013 and the rules made thereunder, proposes to establish a Whistle Blower Policy/ Vigil Mechanism and to formulate a policy for the same.

#### 2. Policy objectives

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or legal or regulatory requirements incorrect or misrepresentation of any financial statements and reports, etc.

#### 3. Scope of the Policy

This Policy intends to cover serious concerns that could have grave impact on the operations and performance of the business of the Company and malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees. The policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

#### 4. Definitions

- 4.1 “Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 292A of the Companies Act 1956 / Section 177 of the Companies Act 2013 and in compliance with RBI Guidelines on Corporate Governance for NBFCs.
- 4.2 “Employee” means every employee of the Company, including the Directors in the employment of the Company.
- 4.3 “Protected Disclosure” means a concern raised by a written communication made in good faith that discloses or demonstrates information that may evidence unethical or improper activity. Protected Disclosures should be factual and not speculative in nature
- 4.4 “Code” mean Conduct for Directors and Senior Management Personnel adopted by Ujjivan Financial Services Private Limited
- 4.5 “Subject” means a person against or in relation to whom a Protected Disclosure has been made or evidence

gathered during the course of an investigation.

4.6 “Whistle Blower” means an Employee making a Protected Disclosure under this Policy.

4.7 “Whistle and Ethics Officer” means an officer of the company nominated by Competent Authority to conduct detailed investigation under this policy and to receive protected disclosure from Whistle blowers, maintain record thereof, placing the same before the Audit Committee for its disposal and informing the Whistle blower the results thereof.

4.8 “Company” means “Ujjivan Financial Services Private Limited

## 5. Eligibility

All Employees of the Company and various stakeholders of the company are eligible to make Protected Disclosures under the Policy in relation to matters concerning the Company.

## 6. Receipt And Disposal Of Protected Disclosures :

6.1 All Protected Disclosures should be reported in writing by the complainant as soon as possible after the Whistle Blower becomes aware of the same so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible handwriting in English.

6.2 The Protected Disclosure should be submitted in a closed and secured envelope and should be super scribed as **“Protected disclosure under the Whistle Blower policy”**. Alternatively, the same can also be sent through email with the subject **“Protected disclosure under the Whistle Blower policy”**. If the complaint is not super scribed and closed as mentioned above, it will not be possible for the Audit Committee to protect the complainant and the protected disclosure will be dealt with as if a normal disclosure. In order to protect identity of the complainant, the Whistle & Ethics Officer will not issue any acknowledgement to the complainants and they are advised neither to write their name/address on the envelope nor enter into any further correspondence with the Whistle & Ethics Officer. The Whistle & Ethics Officer shall assure that in case any further clarification is required he will get in touch with the complainant.

6.3 The Company shall not entertain anonymous/ pseudonymous disclosures.

6.4 The Protected Disclosure should be forwarded under a covering letter signed by the complainant. The Whistle and Ethics Officer or the Chairman of the Audit Committee/CEO & MD as the case may be, shall detach the covering letter bearing the identity of the Whistle Blower and process only the Protected Disclosure.

6.5 All Protected Disclosures should be addressed to the Whistle and Ethics Officer of the Company or to the Chairman of the Audit Committee/ CEO & MD in exceptional cases. The contact details of the Whistle and Ethics Officer are as under:-

## Name and Address – Mr. Sunil Kutty – Head HR

Ujjivan Financial Services Private Limited  
Grape Garden, No. 27, 3<sup>rd</sup> A Cross, 18<sup>th</sup> Main, 6<sup>th</sup> Block,  
Bangalore – 560095, Karnataka

**Email-** sunil.kutty@ujjivan.com

6.6 Protected Disclosure against the Whistle and Ethics Officer should be addressed to the CEO & MD of the Company and the Protected Disclosure against the CEO & MD of the Company should be addressed to the Chairman of the Audit Committee.

## Name and Address of CEO & MD of the Company:

### Mr. Samit Ghosh

Ujjivan Financial Services Private Limited  
Grape Garden, No. 27, 3<sup>rd</sup> A Cross, 18<sup>th</sup> Main, 6<sup>th</sup> Block,  
Bangalore - 560095

Karnataka

Email: samit.ghosh@ujjivan.com

## Name and Address of Chairman (Audit Committee):

### Mr. K. R. Ramamoorthy

D - 302, Mantri Gardens,  
Jayanagar, 1<sup>st</sup> Block,  
Bangalore - 560011,  
Karnataka

Email: ram@bankconsult.co.in

6.7 On receipt of the protected disclosure the Whistle and Ethics Officer / MD & CEO / Chairman of the Audit Committee, as the case may be, shall make a record of the Protected Disclosure and also ascertain from the complainant whether he was the person who made the protected disclosure or not. The record will include:

- Brief facts;
- Whether the same Protected Disclosure was raised previously by anyone, and if so, the outcome thereof;
- Whether the same Protected Disclosure was raised previously on the same subject;
- Details of actions taken by Whistle and Ethics Officer/ Chairman/CEO for processing the complaint
- Findings of the Audit Committee
- The recommendations of the Audit Committee/ other action(s).

6.8 The Audit Committee, if deems fit, may call for further information or particulars from the complainant.

## 7. Investigation

7.1 All Protected Disclosures reported under this Policy will be thoroughly investigated by the Whistle and Ethics Officer of the Company who will investigate / oversee the investigations under the authorization of the Audit committee. Chairman of Audit Committee / Whistle and Ethics Officer may at its discretion consider involving any investigators for the purpose of Investigation.

- 7.2 The decision to conduct an investigation taken into a Protected Disclosure by itself is not an acceptance of the accusation by the Authority and is to be treated as a neutral fact-finding process because the outcome of the investigation may or may not support accusation.
- 7.3 The identity of a Subject will be kept confidential to the extent possible given the legitimate needs of the investigation.
- 7.4 Unless there are compelling reasons not to do so, Subjects will be given reasonable opportunity for hearing their side during the investigation. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
- 7.5 Subjects shall have a duty to co-operate with the Whistle and Ethics Officer / Audit Committee during investigation to the extent that such co-operation sought does not merely require them to admit guilt.
- 7.6 Subjects shall have right to access any document/information for their legitimate need to clarify/defend themselves in the investigation proceedings.
- 7.7 Subjects shall have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
- 7.8 Subjects have a right to be informed of the outcome of the investigation. If allegations are not sustained, the Subjects shall be consulted as to whether public disclosure of the investigation results would be in the best interest of the Subject and the Company.
- 7.9 Whistle and Ethics Officer shall normally complete the investigation within 90 days of the receipt of protected disclosure.
- 7.10 In case allegations against the subject are substantiated by the Whistle and Ethics Officer in his report, the Audit Committee shall give an opportunity to Subject to explain his side.

## **8. Protection**

- 8.1 No unfair treatment will be meted out to a Whistle Blower by virtue of his/ her having reported a Protected Disclosure under this policy. The company, as a policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection will, therefore, be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure. The Company will take steps to minimize difficulties, which the Whistle Blower may experience as a result of making the Protected Disclosure. Thus, if the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for the Whistle Blower to receive advice about the procedure, etc.

- 8.2 A Whistle Blower may report any violation of the above clause to the Chairman of the Audit Committee, who shall investigate into the same and recommend suitable action to the management.
- 8.3 The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law.
- 8.4 Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

## **9. Secrecy / Confidentiality**

- 9.1 The complainant, Whistle and Ethics Officer, Members of Audit Committee, the Subject and everybody involved in the process shall:
  - Maintain confidentiality of all matters under this Policy
  - Discuss only to the extent or with those persons as required under this policy for completing the process of investigations.
  - Not keep papers unattended anywhere at any time
  - Keep electronic mails/ files under password.

## **10. Decision**

- 10.1 If an investigation leads the Whistle and Ethics Officer/ Chairman of the Audit Committee to conclude that an improper or unethical act has been committed, the Whistle and Ethics Officer / Chairman of the Audit Committee shall recommend to the management of the Company to take such disciplinary or corrective action as he may deem fit. It is clarified that any disciplinary or corrective action initiated against the Subject as a result of the findings of an investigation pursuant to this Policy shall adhere to the applicable personnel or staff conduct and disciplinary procedures.
- 10.2 If the report of investigation is not to the satisfaction of the complainant, the complainant has the right to report the event to the appropriate legal or investigating agency. A complainant who makes false allegations of unethical and improper practices or about alleged wrongful conduct of the subject to the Whistle and Ethics Officer or the Audit Committee shall be subject to appropriate disciplinary action in accordance with the rules, procedures and policies of the Company.

## **11. Reporting**

- 11.1 The Whistle & Ethics officer shall submit a report to the Chairman of the Audit Committee on a regular basis about all Protected Disclosures referred to him/ her since the last report together with the results of investigations, if any.

## **12. Access To Chairman Of The Audit Committee**

- 12.1 The Whistle Blower shall have right to access Chairman of the Audit Committee directly in exceptional cases and the Chairman of the Audit Committee is authorized to prescribe suitable directions in this regard.

## **13. Communication**

- 13.1 A Whistle Blower Policy cannot be effective unless it is properly communicated to employees. The policy should be published on the website of the company.

## **14. Retention of documents**

- 14.1 All protected disclosures in writing or documented along with the results of Investigation relating thereto, shall be retained by the Company for a period of 7 (seven) years or such other period as specified by any other law in force, whichever is more.

## **15. Administration and review of the policy**

- 15.1 A quarterly report about the functioning of the Whistle Blower Mechanism shall be placed before the Audit Committee. A quarterly status report on the total number of complaints received if any during the period with summary of the findings of Whistle and Ethics Officer / Audit Committee and corrective steps taken should be send to the Chairman of the company. The Chief Executive Officer shall be responsible for the administration, interpretation, application and review of this policy.

## **16. Amendment**

- 16.1 The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees and Directors unless the same is notified to them in writing.

# 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, 2015 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of

appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

## **Auditor’s Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### 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, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 25.1 to the financial statements
- ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2015 for which there were any material foreseeable losses and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No. 008072S)



S. Sundaresan

Partner

(Membership No. 25776)

BANGALORE, JUNE 4, 2015

## ANNEXURE TO THE AUDITORS' REPORT

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

Having regard to the nature of the Company's business / activities / result during the year clauses ii, v, and vi of paragraph 3 of the Order are not applicable to the company

1. 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 regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
2. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
3. 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 during the course of our audit 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.
4. 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, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities during the year except for delays in certain months for remittance of Provident Fund and Professional tax.
  - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service

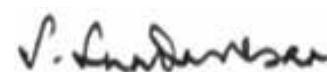
Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

- c. There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes.
  - d. There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
5. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
  6. 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.
  7. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
  8. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
  9. To the best of our knowledge and 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. 1,411,065/- of which Rs.548,913 /- has been recovered 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

Partner

(Membership No. 25776)

BANGALORE, JUNE 4, 2015

# BALANCE SHEET AS AT MARCH 31, 2015

(Amount in Rupees)

| Particulars   | Note No. | As at<br>March 31, 2015 |                       | As at<br>March 31, 2014 |                       |
|---|----------|-------------------------|-----------------------|-------------------------|-----------------------|
| <b>I. EQUITY AND LIABILITIES</b>                                |          |                         |                       |                         |                       |
| <b>(1) Share Holder's Funds:</b>                                |          |                         |                       |                         |                       |
| (a) Share Capital   | 3        | 861,329,690             |                       | 655,813,630             |                       |
| (b) Reserves and Surplus  | 4        | 6,503,170,122           | 7,364,499,812         | 3,069,458,262           | 3,725,271,892         |
| <b>(2) Non-Current Liabilities</b>                              |          |                         |                       |                         |                       |
| (a) Long-term borrowings  | 5        | 12,830,934,384          |                       | 5,651,471,277           |                       |
| (b) Long-term provisions  | 6        | 59,489,303              | 12,890,423,687        | 22,963,636              | 5,674,434,913         |
| <b>(3) Current Liabilities</b>                                  |          |                         |                       |                         |                       |
| (a) Short-term borrowings                                       | 7        | 45,034,516              |                       | 19,274,168              |                       |
| (b) Trade payables  | 8        | 117,838,474             |                       | 50,585,501              |                       |
| (c) Other current liabilities                                   | 9        | 18,919,536,772          |                       | 11,083,272,760          |                       |
| (d) Short-term provisions                                       | 10       | 425,258,790             | 19,507,668,552        | 234,176,292             | 11,387,308,721        |
| <b>Total</b>  |          |                         | <b>39,762,592,051</b> |                         | <b>20,787,015,526</b> |
| <b>II. Assets</b>   |          |                         |                       |                         |                       |
| <b>(1) Non-current assets</b>                                   |          |                         |                       |                         |                       |
| <b>(a) Fixed assets</b>   |          |                         |                       |                         |                       |
| (i) Tangible assets   | 11A      | 142,295,830             |                       | 98,082,075              |                       |
| (ii) Intangible assets  | 11B      | 37,169,940              | 179,465,770           | 29,169,333              | 127,251,408           |
| (b) Non-current investments                                     | 12       | 1,010,000               |                       | 1,010,000               |                       |
| (c) Deferred tax assets (net)                                   | 26.6     | 152,784,274             |                       | 68,320,423              |                       |
| (d) Long-term loans and advances                                | 13       | 68,457,231              |                       | 51,130,686              |                       |
| (e) Other non-current assets                                    | 14       | 6,055,062,268           | 6,277,313,773         | 2,461,143,551           | 2,581,604,660         |
| <b>(2) Current assets</b>                                       |          |                         |                       |                         |                       |
| (a) Receivables under financing activity                        | 15       | 26,298,950,587          |                       | 13,876,137,361          |                       |
| (b) Cash and Bank Balances                                      | 16       | 6,377,836,212           |                       | 3,866,406,425           |                       |
| (c) Short-term loans and advances                               | 17       | 206,621,538             |                       | 106,217,035             |                       |
| (d) Other current assets  | 18       | 422,404,171             | 33,305,812,508        | 229,398,637             | 18,078,159,458        |
| <b>Total</b>  |          |                         | <b>39,762,592,051</b> |                         | <b>20,787,015,526</b> |
| See accompanying notes forming part of the financial statements | 1-31     |                         |                       |                         |                       |

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

*S. Sundaresan*

S Sundaresan

Partner



Place: Bangalore

Date: June 04 2015

**For and on behalf of the Board of Directors**

*Sammit Ghosh*

Samit Ghosh

Managing Director

*Sanjeev Barnwal*

Sanjeev Barnwal

Company Secretary



*Sunil Patel*

Sunil Patel

Director

*Sudha Suresh*

Sudha Suresh

Chief Financial Officer

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

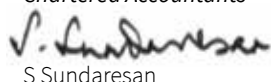
(Amount in Rupees)

| Particulars  | Note No. | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|----------|---------------------------|---------------------------|
| <b>A. INCOME</b>   |          |                           |                           |
| (a) Income from Operations   | 19       | 5,993,165,034             | 3,478,892,385             |
| (b) Other Income   | 20       | 125,635,557               | 97,734,887                |
| <b>Total Income ( A )</b>  |          | <b>6,118,800,591</b>      | <b>3,576,627,272</b>      |
| <b>B. EXPENDITURE</b>  |          |                           |                           |
| (a) Employee benefits expense                                      | 21       | 1,327,695,558             | 814,912,916               |
| (b) Administrative and Other Expenses                              | 22       | 654,271,391               | 360,369,530               |
| (c) Finance cost   | 23       | 2,713,806,964             | 1,448,546,685             |
| (d) Depreciation and amortisation expenses                         | 11       | 67,417,317                | 31,467,170                |
| (e) Provision / write off for receivables under financing activity | 24       | 210,476,682               | 82,922,821                |
| <b>Total Expenditure ( B )</b>                                     |          | <b>4,973,667,912</b>      | <b>2,738,219,122</b>      |
| <b>Profit Before Tax ( A - B )</b>                                 |          | <b>1,145,132,679</b>      | <b>838,408,150</b>        |
| Tax expenses   |          |                           |                           |
| (a) Current tax expenses   |          | 470,000,000               | 317,000,000               |
| (b) Provision for tax of earlier year                              |          | (1,952,646)               | (836,236)                 |
| (c) Deferred Tax   | 26.6     | (80,802,636)              | (28,130,625)              |
| <b>Profit for the Year</b>   |          | <b>757,887,961</b>        | <b>550,375,011</b>        |
| <b>Earnings per Equity Share:</b>                                  | 26.5     |                           |                           |
| (a) Basic  |          | 11.24                     | 8.39                      |
| (b) Diluted  |          | 10.62                     | 7.89                      |
| See accompanying notes forming part of the financial statements    | 1-31     |                           |                           |

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

  
S Sundaresan

Partner



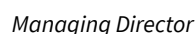
Place: Bangalore

Date: June 04, 2015

**For and on behalf of the Board of Directors**

  
Samit Ghosh

Managing Director

  
Sanjeev Barnwal

Company Secretary



  
Sunil Patel

Director

  
Sudha Suresh

Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Amount in Rupees)

| Particulars   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| <b>Net Profit as per Statement of Profit &amp; Loss</b>         | <b>1,145,132,679</b>         | <b>838,408,150</b>           |
| <b>Adjustments for</b>  |                              |                              |
| Depreciation and amortisation expenses                          | 67,417,317                   | 31,467,170                   |
| Profit on Sale of investment                                    | (44,659,163)                 | (29,504,843)                 |
| Bad debts written off reversed                                  | (10,078,002)                 | (8,921,787)                  |
| Provision for Receivables under Financing Activities            | 204,504,597                  | 81,379,233                   |
| Provision for advances  | 1,842,465                    | 2,448,312                    |
| Advances written off  | 928,190                      | 152,820                      |
| Fixed assets written off  | 852,563                      | 52,203                       |
| Interest on fixed deposits                                      | (68,374,237)                 | (34,458,567)                 |
| Loss /(Profit) on sale of Fixed Assets                          | 432,585                      | 4,871,664                    |
| <b>Operating Profit before Working capital changes</b>          | <b>1,297,998,994</b>         | <b>885,894,355</b>           |
| <b>Changes in working capital:</b>                              |                              |                              |
| (Increase) / Decrease in Receivables under Financing Activity   | (12,422,813,226)             | (4,402,182,587)              |
| (Increase) / Decrease in Loans and advances                     | (116,656,710)                | (64,947,449)                 |
| (Increase) / Decrease in Other assets                           | (3,780,615,695)              | (541,460,718)                |
| Increase / (Decrease) in Trade payables                         | 67,252,973                   | 2,600,429                    |
| Increase / (Decrease) in Other current liabilities              | 323,397,511                  | 43,954,098                   |
| Increase / (Decrease) in Short-term provisions                  | 179,424,326                  | 68,077,272                   |
| (Increase) / Decrease in Long-term provisions                   | (157,900,928)                | (61,101,600)                 |
| <b>Cash flow from operations</b>                                | <b>(14,609,912,755)</b>      | <b>(4,069,166,200)</b>       |
| Tax paid  | <b>(469,808,479)</b>         | <b>(313,696,349)</b>         |
| <b>Net Cash from operating activities (A)</b>                   | <b>(15,079,721,234)</b>      | <b>(4,382,862,549)</b>       |
| <b>Cash flows from Investing activities</b>                     |                              |                              |
| Investments in shares   | -                            | (10,000)                     |
| Purchase of investments   | (16,975,050,009)             | (7,874,609,992)              |
| Sale of investments   | 17,019,709,173               | 7,904,114,835                |
| Purchase of Fixed Assets  | (137,511,439)                | (53,193,429)                 |
| Sale of Fixed Assets  | 1,978,171                    | 940,279                      |
| Interest on fixed deposits                                      | 66,434,482                   | 29,130,142                   |
| <b>Net Cash from investing activities (B)</b>                   | <b>(24,439,622)</b>          | <b>6,371,835</b>             |
| <b>Cash flows from financing activities</b>                     |                              |                              |
| Proceeds from issue of share capital & securities premium (net) | 2,940,284,001                | -                            |
| Dividend and Dividend Tax Paid                                  | (38,414,508)                 | (19,239,665)                 |
| Borrowings from banks / others                                  | 28,031,942,584               | 13,601,774,170               |
| Repayment of Borrowings from banks / others                     | (13,313,852,634)             | (7,076,766,093)              |
| <b>Net Cash from financing activities (C)</b>                   | <b>17,619,959,443</b>        | <b>6,505,768,412</b>         |

| Particulars   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| <b>Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)</b> | <b>2,515,798,587</b>         | <b>2,129,277,698</b>         |
| Balance of cash - Opening   | 3,862,037,625                | 1,732,759,927                |
|   |                              |                              |
| <b>Balance of cash - Closing</b>  | <b>6,377,836,212</b>         | <b>3,862,037,625</b>         |

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. 14,110,750/- (P.Y.Rs. 19,341,941/-) 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  
Partner

Place: Bangalore  
Date: June 04, 2015



#### For and on behalf of the Board of Directors



Samit Ghosh  
Managing Director



Sanjeev Barnwal  
Company Secretary




Sunil Patel  
Director



Sudha Suresh  
Chief Financial Officer

# Notes to Financial Statements for the year ended March 31, 2015

## 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 5<sup>th</sup> 2013. Ujjivan has its headquarters in Bangalore with regional offices in New Delhi, Kolkata and Pune. It has 423 branches in 24 states and Union Territories across India as on March 31, 2015.

## 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013 ('the 2013 Act') / Companies Act 1956 ('the 1956 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 are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. 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 of cash on hand and demand deposits with bank. Cash equivalents are short term balances (with an original maturity of three months 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. Subsequent expenditure on fixed assets after its purchase is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance

### 5. Depreciation and amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortised over the duration of the lease. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any. (Refer Note 29)

### 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 individually at cost less provision made to recognize any decline, other than temporary, in the value of such investments. Cost of investments include acquisition charges such as brokerage, fees and duties



## Notes to Financial Statements for the year ended March 31, 2015

### 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 , Business Growth Loan, Agriculture Loan, Loyalty Business Loan and Loyalty Housing 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.

Profit / premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the statement of profit and loss account net of any losses when redeemed in cash.

### 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 to Provident Fund, Pension fund and employee state insurance scheme are considered as defined contribution plan and are charged as expense 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. Past service cost is recognised immediately to the extent that the benefits are already vested



## Notes to Financial Statements for the year ended March 31, 2015

and otherwise is amortised on a straight-line basis 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 benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

### 11. Lease

Lease rentals under operating lease are charged to the Statement of Profit and Loss on straight line basis over the lease term.

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 assets substantially vest with the lesser are recognised 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 shares 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

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### 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.

Contingent liabilities are disclosed in notes. Contingent assets are not recognised in the financial statements

### 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.



Notes forming part of financial statements

Note 3 - Share Capital

(Amount in Rupees)

| Particulars                                     | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>Authorised</b>                               |                         |                         |
| 100,000,000 Equity Shares of Rs.10/- each       | 1,000,000,000           | 750,000,000             |
| (P.Y.75,000,000 Equity Shares of Rs.10/- each)  |                         |                         |
|   | <b>1,000,000,000</b>    | <b>750,000,000</b>      |
| <b>Issued</b>                                   |                         |                         |
| 86,132,969 Equity Shares of Rs.10/- each        | 861,329,690             | 655,813,630             |
| (P.Y.65,581,363 Equity Shares of Rs.10/- each ) |                         |                         |
|   | <b>861,329,690</b>      | <b>655,813,630</b>      |
| <b>Subscribed &amp; fully Paid up</b>           |                         |                         |
| 86,132,969 Equity Shares of Rs.10/- each        | 861,329,690             | 655,813,630             |
| (P.Y.65,581,363 Equity Shares of Rs.10/- each ) |                         |                         |
| Total   | <b>861,329,690</b>      | <b>655,813,630</b>      |

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

|   | Number of shares<br>March 31, 2015 | Number of shares<br>March 31, 2014 |
|---|------------------------------------|------------------------------------|
| Number of shares outstanding at the beginning of the year | 65,581,363                         | 65,581,363                         |
| Add: Additional shares issued during the year             | 20,551,606                         | -                                  |
| Number of shares outstanding at the end of the year       | <b>86,132,969</b>                  | <b>65,581,363</b>                  |

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

|  | Amount in Rs.<br>March 31, 2015 | Amount in Rs.<br>March 31, 2014 |
|--|---------------------------------|---------------------------------|
| Share capital outstanding at the beginning of the year | 655,813,630                     | 655,813,630                     |
| Add: Share capital issued during the year              | 205,516,060                     | -                               |
| Share capital outstanding at the end of the year       | <b>861,329,690</b>              | <b>655,813,630</b>              |

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<br>at March 31, 2015 | Number of shares as<br>at March 31, 2014 |
|---|--|--|
| <b>Equity Shares:</b>   |  |  |
| CDC Group Plc   | 10,932,696                               | -  |
| Alena Private Limited   | 9,207,251                                | -  |
| NewQuest Asia Investments II Limited  | 8,199,522                                | -  |
| Elevar Equity Mauritius   | 6,355,684                                | 5,535,732                                |
| Lok Capital II LLC  | 5,870,426                                | 5,870,426                                |
| International Finance Corporation   | 10,202,406                               | 7,894,737                                |
| Women's World Banking Capital Partners.L.P. (formerly known as WWB ISIS Fund Limited Partnership) | 5,406,628                                | 4,290,610                                |
| Mauritius Unitus Corporation  | -  | 4,869,476                                |
| Sequoia Capital India Investments III   | -  | 9,529,376                                |
| WCP Holdings III  | -  | 7,017,544                                |
| Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V                               | -  | 6,120,000                                |
| India Financial Inclusion Fund  | -  | 5,896,182                                |
| Bajaj Holdings & Investment Limited   | 5,124,702                                | -  |

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.



Notes forming part of financial statements

Note 4 - Reserves & Surplus

(Amount in Rupees)

| Particulars                                       | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>a. Securities Premium Account</b>              |                         |                         |
| Opening Balance                                   | 2,083,988,099           | 2,083,988,099           |
| Add : Premium on shares issued during the year    | 2,802,211,478           | -                       |
| Less : Utilised during the year for               |                         |                         |
| Writing off shares issue expenses                 | 67,443,537              | -                       |
| <b>Closing Balance</b>                            | <b>4,818,756,040</b>    | <b>2,083,988,099</b>    |
| <b>b. Other Reserves - Statutory Reserve *</b>    |                         |                         |
| Opening Balance                                   | 223,306,413             | 113,231,411             |
| Add: Additions during the year                    | 151,577,592             | 110,075,002             |
| <b>Closing Balance</b>                            | <b>374,884,005</b>      | <b>223,306,413</b>      |
| <b>c. Other Reserves - Employee Loan Grant</b>    | <b>1,300,000</b>        | <b>1,300,000</b>        |
| <b>d. Surplus in Statement of Profit and Loss</b> |                         |                         |
| Opening balance                                   | 760,863,750             | 359,036,185             |
| Add: Profit for the year                          | 757,887,961             | 550,375,011             |
| Less: Dividends proposed to be distributed        | 43,066,485              | 32,790,682              |
| Less: Tax on proposed Dividend                    | 8,767,323               | 5,572,776               |
| Less: Tax on Dividend of earlier year             | -                       | 108,986                 |
| Less: Depreciation adjustment (Refer Note No. 29) | 7,110,234               | -                       |
| Less: Transferred to statutory reserve            | 151,577,592             | 110,075,002             |
| <b>Closing Balance</b>                            | <b>1,308,230,077</b>    | <b>760,863,750</b>      |
| <b>Total</b>                                      | <b>6,503,170,122</b>    | <b>3,069,458,262</b>    |

\* 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.



# Notes forming part of financial statements

## Note 5 - Long-term Borrowings

(Amount in Rupees)

| Particulars   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>(a) Non Convertible Debentures</b>   |                         |                         |
| <b>Secured</b>  |                         |                         |
| 40 (PY. 40) 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             | 400,000,000             |
| Nil (PY. 330) 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             |
| 600 (PY. Nil) 12.60% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 5 years from the date of allotment July 01, 2014 (Refer Note (i) below)   | 600,000,000             | -                       |
| 500 (PY. Nil) 13.65% 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 December 12, 2014 (Refer Note (i) below)  | 500,000,000             | -                       |
| 400 (PY.Nil) 13.25% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000/-each redeemable at par Rs. 15 crs by December 26, 2016 and Rs. 25 crs by December 26, 2017 from the date of allotment December 26,2014 (Refer Note (i) below)   | 400,000,000             | -                       |
| 750 (PY.Nil) 13.00% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000/-each redeemable at par Rs. 18.75 Crs by September 20, 2015, 18.75 Crs by March 20, 2016, 18.75 Crs by September 20, 2016 and Rs. 18.75 Crs by March 20, 2017 from the date of allotment March 20, 2015 (Refer Note (i) below) | 375,000,000             | -                       |
|   | <b>2,275,000,000</b>    | <b>730,000,000</b>      |
| <b>(b) Term loans</b>   |                         |                         |
| <b>Secured</b>  |                         |                         |
| from Banks (Refer Note (ii) below)  | 7,774,185,538           | 4,294,939,597           |
| from NBFCs (Refer Note (ii) below)  | 1,130,315,283           | -                       |
| from other parties (Refer Note (ii) below)  | 1,151,433,563           | 591,531,680             |
|   | <b>10,055,934,384</b>   | <b>4,886,471,277</b>    |
| <b>Unsecured</b>  |                         |                         |
| from other parties (Refer Note (ii) below)  | 500,000,000             | 35,000,000              |
|   | <b>500,000,000</b>      | <b>35,000,000</b>       |
|   | <b>10,555,934,384</b>   | <b>4,921,471,277</b>    |
|   |                         |                         |
| <b>Total</b>  | <b>12,830,934,384</b>   | <b>5,651,471,277</b>    |

i) Debentures are secured by hypothecation of book debts.



**Notes forming part of financial statements**

(ii) Terms of repayment for borrowings including current maturities :

**Secured**

| Terms of Repayment and Interest         |          |             | Amount Outstanding (Rs.)<br>March 31, 2015 |               |
|---|----------|-------------|--|---------------|
| Rate of Interest                        | Maturity | Instalments | Current                                    | Non Current   |
| <b>Repayable in Monthly Instalments</b> |          |             |  |               |
| Base Rate + 1.00%                       | < 1 Year | 12          | 250,000,000                                |               |
|   | 2 Year   | 12          |  | 250,000,000   |
| Base Rate + 1.25%                       | < 1 Year | 12          | 60,000,000                                 |               |
|   | 2 Year   | 10          |  | 50,000,000    |
| Base Rate + 1.50%                       | < 1 Year | 12          | 260,869,565                                |               |
|   | 2 Year   | 5           |  | 108,695,654   |
| Base Rate + 1.55%                       | < 1 Year | 2           | 12,500,000                                 | -             |
| Base Rate + 1.65%                       | < 1 Year | 23          | 133,750,000                                |               |
|   | 2 Year   | 5           |  | 27,083,331    |
| Base Rate + 1.70%                       | < 1 Year | 33          | 548,333,333                                |               |
|   | 2 Year   | 22          |  | 297,361,112   |
| Base Rate + 1.75%                       | < 1 Year | 57          | 1,174,476,151                              |               |
|   | 2 Year   | 21          |  | 540,315,538   |
| Base Rate + 1.85%                       | < 1 Year | 7           | 145,833,339                                | -             |
| Base Rate + 1.90%                       | < 1 Year | 12          | 75,000,000                                 | -             |
| Base Rate + 1.95%                       | < 1 Year | 15          | 173,333,339                                | -             |
| Base Rate + 2.00%                       | < 1 Year | 74          | 1,344,710,130                              |               |
|   | 2 Year   | 49          |  | 822,916,676   |
|   | 3 Year   | 10          |  | 180,555,561   |
| Base Rate + 2.05%                       | < 1 Year | 9           | 75,000,005                                 | -             |
| Base Rate + 2.25%                       | < 1 Year | 107         | 2,452,613,876                              |               |
|   | 2 Year   | 48          |  | 1,049,252,000 |
|   | 3 Year   | 6           |  | 45,446,316    |
| Base Rate + 2.30%                       | < 1 Year | 1           | 8,333,676                                  | -             |
| Base Rate + 2.50%                       | < 1 Year | 65          | 767,164,454                                |               |
|   | 2 Year   | 22          |  | 368,266,666   |
|   | 3 Year   | 3           |  | 46,400,000    |
| Base Rate + 2.80%                       | < 1 Year | 8           | 180,796,107                                |               |
| Base Rate + 3.00%                       | < 1 Year | 35          | 1,298,666,685                              |               |
|   | 2 Year   | 22          |  | 699,999,998   |

**Repayable in Quarterly Instalments**

|                   |          |    |             |             |
|-------------------|----------|----|-------------|-------------|
| Base Rate + 1.25% | < 1 Year | 4  | 100,000,000 |             |
|                   | 2 Year   | 4  |             | 100,000,000 |
| Base Rate + 1.50% | < 1 Year | 8  | 525,000,000 |             |
|                   | 2 Year   | 6  |             | 425,000,000 |
| Base Rate + 1.75% | < 1 Year | 9  | 509,987,639 |             |
| Base Rate + 1.85% | < 1 Year | 3  | 321,428,571 |             |
|                   | 2 Year   | 4  |             | 428,571,429 |
| Base Rate + 2.00% | < 1 Year | 12 | 391,250,000 |             |
|                   | 2 Year   | 8  |             | 130,000,000 |
|                   | 3 Year   | 5  |             | 92,500,000  |



(ii) Terms of repayment for borrowings including current maturities :

| Terms of Repayment and Interest         |          |             | Amount Outstanding (Rs.)<br>March 31, 2015 |                      |
|---|----------|-------------|--|----------------------|
| Rate of Interest                        | Maturity | Instalments | Current                                    | Non Current          |
| Base Rate + 2.05%                       | < 1 Year | 4           | 83,333,333                                 |                      |
|   | 2 Year   | 4           |  | 83,333,334           |
|   |          | 4           |  | 83,333,334           |
| Base Rate + 2.10%                       | < 1 Year | 2           | 50,000,000                                 |                      |
| Base Rate + 2.25%                       | < 1 Year | 14          | 1,616,071,429                              |                      |
|   | 2 Year   | 6           |  | 589,285,714          |
| Base Rate + 2.30%                       | < 1 Year | 12          | 405,000,000                                |                      |
|   | 2 Year   | 5           |  | 158,750,000          |
| Base Rate + 2.35%                       | < 1 Year | 4           | 285,714,285                                |                      |
|   | 2 Year   | 3           |  | 214,285,714          |
| Base Rate + 2.50%                       | < 1 Year | 11          | 720,499,382                                |                      |
|   | 2 Year   | 8           |  | 774,500,000          |
| Base Rate + 2.60%                       | < 1 Year | 4           | 82,500,000                                 | -                    |
| Base Rate + 2.75%                       | < 1 Year | 2           | 20,000,000                                 | -                    |
| Base Rate + 2.80%                       | < 1 Year | 15          | 439,583,333                                |                      |
|   | 2 Year   | 4           |  | 83,333,333           |
|   | 3 Year   | 2           |  | 41,666,667           |
| Base Rate + 3.00%                       | < 1 Year | 4           | 450,000,000                                | -                    |
| Base Rate + 3.05%                       | < 1 Year | 4           | 83,333,334                                 |                      |
|   | 2 Year   | 4           |  | 83,333,161           |
| <b>Repayable in Bullet</b>              |          |             |  |                      |
| Base Rate + 1.75%                       | < 1 Year | 1           | 600,000,000                                |                      |
| Base Rate + 2.60%                       | < 1 Year | 1           | 250,000,000                                |                      |
| <b>Total</b>                            |          |             | <b>15,895,081,966</b>                      | <b>7,774,185,538</b> |
| Terms of Repayment and Interest         |          |             | Amount Outstanding (Rs.)<br>March 31, 2015 |                      |
| Rate of Interest                        | Maturity | Instalments | Current                                    | Non Current          |
| <b>Borrowings from NBFCs</b>            |          |             |  |                      |
| <b>Repayable in Monthly Instalments</b> |          |             |  |                      |
| Interest Rate - 12.25%                  | < 1 Year | 11          | 119,565,217                                |                      |
|   | 2 Year   | 12          |  | 130,434,783          |
| Interest Rate - 12.50%                  | < 1 Year | 18          | 143,982,766                                |                      |
|   | 2 Year   | 24          |  | 196,612,346          |
|   | 3 Year   | 12          |  | 109,404,887          |
| Interest Rate - 13.00%                  | < 1 Year | 11          | 119,565,217                                |                      |
|   | 2 Year   | 12          |  | 130,434,783          |
| Interest Rate - 13.75%                  | < 1 Year | 24          | 157,354,959                                |                      |
|   | 2 Year   | 10          |  | 63,428,484           |
| <b>Repayable in Bullet</b>              |          |             |  |                      |
| Interest Rate - 13.75%                  | > 1 Year | 1           |  | 500,000,000          |
| <b>Total</b>                            |          |             | <b>540,468,159</b>                         | <b>1,130,315,283</b> |



(ii) Terms of repayment for borrowings including current maturities :

| Terms of Repayment and Interest         |          |             | Amount Outstanding (Rs.)<br>March 31, 2015 |                      |
|---|----------|-------------|--|----------------------|
| Rate of Interest                        | Maturity | Instalments | Current                                    | Non Current          |
| <b>Borrowings from Others</b>           |          |             |  |                      |
| <b>Repayable in Monthly Instalments</b> |          |             |  |                      |
| Interest Rate - 11%                     | < 1 Year | 12          | 20,658,120                                 |                      |
|   | 2 Year   | 5           |  | 3,353,560            |
| Interest Rate - 11.75%                  | < 1 Year | 8           | 12,000,000                                 | -                    |
| Interest Rate - 12.75%                  | < 1 Year | 24          | 777,813,333                                |                      |
|   | 2 Year   | 17          |  | 481,413,336          |
| <b>Total</b>                            |          |             | <b>810,471,453</b>                         | <b>484,766,896</b>   |
| <b>Repayable in Bullet</b>              |          |             |  |                      |
| Interest Rate - 10.25%                  | < 1 Year | 2           | 333,333,333                                |                      |
|   | 2 Year   | 2           |  | 333,333,333          |
|   | 3 Year   | 2           |  | 333,333,334          |
| <b>Total</b>                            |          |             | <b>333,333,333</b>                         | <b>666,666,667</b>   |
| <b>Grand Total</b>                      |          |             | <b>1,143,804,786</b>                       | <b>1,151,433,563</b> |
| <b>Unsecured</b>                        |          |             |  |                      |
| <b>Borrowings from Others</b>           |          |             |  |                      |
| <b>Repayable in Monthly Instalments</b> |          |             |  |                      |
| Interest Rate - 4%                      | < 1 Year | 6           | 57,400,000                                 | -                    |
| <b>Repayable in Bullet</b>              |          |             |  |                      |
| Interest Rate - 15%                     | > 3 Year | 6           | -  | 500,000,000          |
| <b>Total</b>                            |          |             | <b>57,400,000</b>                          | <b>500,000,000</b>   |
| <b>Secured</b>                          |          |             |  |                      |
| Terms of Repayment and Interest         |          |             | Amount Outstanding (Rs.)<br>March 31, 2014 |                      |
| Rate of Interest                        | Maturity | Instalments | Current                                    | Non Current          |
| <b>Borrowings From Banks</b>            |          |             |  |                      |
| <b>Repayable in Monthly Instalments</b> |          |             |  |                      |
| Base Rate + 1.25%                       | < 1 Year | 27          | 213,043,478                                |                      |
| Base Rate + 1.40%                       | < 1 Year | 21          | 241,666,667                                |                      |
|   | 2 Year   | 15          |  | 173,333,333          |
| Base Rate + 1.50%                       | < 1 Year | 36          | 285,714,286                                |                      |
| Base Rate + 1.55%                       | < 1 Year | 12          | 75,000,000                                 |                      |
|   | 2 Year   | 2           |  | 12,500,000           |
| Base Rate + 1.65%                       | < 1 Year | 12          | 75,000,000                                 |                      |
|   | 2 Year   | 11          |  | 68,750,000           |
| Base Rate + 1.75%                       | < 1 Year | 36          | 375,000,000                                |                      |
|   | 2 Year   | 33          |  | 333,333,333          |
| Base Rate +1.85%                        | < 1 Year | 12          | 250,000,000                                |                      |
|   | 2 Year   | 7           |  | 145,833,333          |
| Base Rate +1.9%                         | < 1 Year | 12          | 75,000,000                                 |                      |
|   | 2 Year   | 12          |  | 75,000,000           |



(ii) Terms of repayment for borrowings including current maturities :

| Terms of Repayment and Interest           |          |             | Amount Outstanding (Rs.)<br>March 31, 2014 |             |
|---|----------|-------------|--|-------------|
| Rate of Interest                          | Maturity | Instalments | Current                                    | Non Current |
| Base Rate + 2%                            | < 1 Year | 11          | 149,456,522                                |             |
|   | 2 Year   | 12          |  | 163,043,477 |
| Base Rate + 2.05%                         | < 1 Year | 12          | 100,000,000                                |             |
|   | 2 Year   | 9           |  | 75,000,000  |
| Base Rate + 2.2%                          | < 1 Year | 5           | 49,922,668                                 |             |
| Base Rate + 2.25%                         | < 1 Year | 104         | 1,637,216,667                              |             |
|   | 2 Year   | 62          |  | 765,166,666 |
|   | 3 Year   | 3           |  | 22,500,000  |
| Base Rate + 2.30%                         | < 1 Year | 12          | 100,000,000                                |             |
|   | 2 Year   | 1           |  | 8,333,333   |
| Base Rate + 2.50%                         | < 1 Year | 53          | 478,066,666                                |             |
|   | 2 Year   | 41          |  | 365,683,346 |
| Base Rate + 2.70%                         | < 1 Year | 12          | 100,000,000                                |             |
|   | 2 Year   | 12          |  | 100,000,000 |
| Base Rate + 2.80%                         | < 1 Year | 12          | 244,192,095                                |             |
|   | 2 Year   | 8           |  | 180,796,110 |
| Base Rate + 2.85%                         | < 1 Year | 17          | 187,343,704                                | -           |
| Base Rate + 3%                            | < 1 Year | 23          | 412,666,667                                |             |
|   | 2 Year   | 5           |  | 94,000,000  |
| Base Rate + 3.25%                         | < 1 Year | 11          | 77,770,888                                 | -           |
| <b>Repayable in Quarterly Instalments</b> |          |             |  |             |
| 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 | 20          | 1,584,999,814                              |             |
|   | 2 Year   | 9           |  | 510,000,000 |
| 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 |



(ii) Terms of repayment for borrowings including current maturities :

| Terms of Repayment and Interest         |          |             | Amount Outstanding (Rs.)<br>March 31, 2014 |                      |
|---|----------|-------------|--|----------------------|
| Rate of Interest                        | Maturity | Instalments | Current                                    | Non Current          |
| <b>Repayable in Bullet</b>              |          |             |  |                      |
| Base Rate + 1.75%                       | < 1 Year | 1           | 300,000,000                                | -                    |
| Base Rate + 2.5%                        | < 1 Year | 1           | 250,000,000                                | -                    |
| <b>Total</b>                            |          |             | <b>9,514,957,030</b>                       | <b>4,294,939,597</b> |
| <b>Borrowings from Others</b>           |          |             |  |                      |
| <b>Repayable in Monthly Instalments</b> |          |             |  |                      |
| Interest Rate - 11%                     | < 1 Year | 12          | 18,000,000                                 | 12,000,000           |
|   | 2 Year   | 8           |  |                      |
| Interest Rate - 11.75%                  | < 1 Year | 11          | 8,800,000                                  | -                    |
| Interest Rate - 12.5%                   | < 1 Year | 2           | 2,083,260                                  | -                    |
| Interest Rate - 12.75%                  | < 1 Year | 12          | 444,480,000                                | 444,480,000          |
|   | 2 Year   | 12          |  |                      |
|   | 3 Year   | 3           |  |                      |
| Interest Rate - 13%                     | < 1 Year | 23          | 440,568,120                                | 20,658,120           |
|   | 2 Year   | 12          |  |                      |
|   | 3 Year   | 5           |  |                      |
| <b>Total</b>                            |          |             | <b>913,931,380</b>                         | <b>591,531,680</b>   |
| <b>Unsecured</b>                        |          |             |  |                      |
| <b>Borrowings from Others</b>           |          |             |  |                      |
| <b>Repayable in Monthly Instalments</b> |          |             |  |                      |
| Interest Rate - 4%                      | 2 Year   | 6           |  | 35,000,000           |
| <b>Total</b>                            |          |             | <b>-</b>                                   | <b>35,000,000</b>    |



Notes forming part of financial statements

Note 6 - Long-term Provisions

(Amount in Rupees)

| Particulars  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| <b>(a) Provision - Others</b>  |                         |                         |
| (i) Provision for receivables under financing activity                     |                         |                         |
| Provision for standard assets (Refer Note 25.5)                            | 58,873,439              | 22,866,992              |
| Provision for non performing assets (Refer Note 25.5)                      | 615,864                 | 96,644                  |
| <b>Total</b>   | <b>59,489,303</b>       | <b>22,963,636</b>       |
| <b>Note 7 - Short-term Borrowings</b>                                      |                         |                         |
|  |                         | (Amount in Rupees)      |
| Particulars  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
| Cash Credit from Banks (refer Note (i) below)                              | 45,034,516              | 19,274,168              |
| <b>Total</b>   | <b>45,034,516</b>       | <b>19,274,168</b>       |
| Note: i) Cash credit from banks are secured by hypothecation of book debts |                         |                         |
| <b>Note 8 - Trade Payables</b>   |                         |                         |
|  |                         | (Amount in Rupees)      |
| Particulars  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
| Trade payables   | 117,838,474             | 50,585,501              |
| <b>Total</b>   | <b>117,838,474</b>      | <b>50,585,501</b>       |



# Notes forming part of financial statements

## Note 9 - Other current liabilities

(Amount in Rupees)

| Particulars   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| (a) Current maturities of non convertible debentures (Refer Note (i) below) | 705,000,000             | 400,000,000             |
| (b) Provision for gratuity (net) (Refer Note 26.1)                          | 25,470,955              | 14,726,517              |
| (c) Current maturities of long-term debt (Refer Note (i) below)             | 17,636,754,911          | 10,428,888,410          |
| (d) Interest accrued but not due on borrowings                              | 216,468,638             | 98,930,433              |
| (e) Other payables  |                         |                         |
| (i) Statutory remittances   | 31,617,948              | 16,398,443              |
| (ii) Security deposits from customers                                       | 9,514,589               | 18,886,027              |
| (iii) Unclaimed security deposits from customers                            | 13,756,512              | 19,314,948              |
| (iv) Deposit from vendors   | 125,000                 | 125,000                 |
| (v) Other payables  | 280,828,219             | 86,002,982              |
| <b>Total</b>  | <b>18,919,536,772</b>   | <b>11,083,272,760</b>   |

### Note (i) :Current maturities of long term debts

| Particulars   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>(a) Non Convertible Debentures *</b>   |                         |                         |
| <b>Secured</b>  |                         |                         |
| 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  | -                       | 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             |
| 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  | 330,000,000             | -                       |
| 750 (PY.Nil) 13.00% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000/- each redeemable at par Rs. 18.75 Crs by September 20, 2015, 18.75 Crs by March 20, 2016, 18.75 Crs by September 20, 2016 and Rs. 18.75 crs by March 20, 2017 from the date of allotment March 20, 2015 | 375,000,000             | -                       |
| <b>Total</b>  | <b>705,000,000</b>      | <b>400,000,000</b>      |



Notes forming part of financial statements

| Particulars                               | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>(b) Term loans (Refer Note 5 (ii))</b> |                         |                         |
| From banks                                |                         |                         |
| Secured                                   | 15,895,081,966          | 9,514,957,030           |
| From Non Banking Financial Companies      |                         |                         |
| Secured                                   | 540,468,159             | -                       |
| From other parties                        |                         |                         |
| Secured                                   | 1,143,804,786           | 913,931,380             |
| Unsecured                                 | 57,400,000              | -                       |
| <b>Total</b>                              | <b>17,636,754,911</b>   | <b>10,428,888,410</b>   |

\*Debentures are secured by hypothecation of book debts.

**Note -10 Short-term provision**

(Amount in Rupees)

| Particulars   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| <b>(a) Provision for employee benefits</b>  |                         |                         |
| (i) Compensated absences  | 55,961,380              | 34,437,986              |
| <b>(b) Provision - Others</b>   |                         |                         |
| (i) Provision for tax (net of advance tax Rs.927,200,486/- (as at March 31, 2014 Rs. 471,273,208/-) | 20,799,514              | 22,560,642              |
| (ii) Provision for proposed equity dividend   | 43,066,485              | 32,790,682              |
| (iii) Provision for Tax on proposed equity dividend   | 8,767,323               | 5,623,826               |
| (iv) Provision for receivables under financing activity   |                         |                         |
| Provision for standard assets (Refer Note 25.5)   | 279,813,055             | 129,254,778             |
| Provision for non performing assets (Refer Note 25.5)   | 16,851,033              | 9,508,378               |
| <b>Total</b>  | <b>425,258,790</b>      | <b>234,176,292</b>      |



Notes forming part of financial statements

Note 11 - Fixed assets

(Amount in Rupees)

|                                    | Gross Block                 |                            |                          |                               | Accumulated Depreciation & amortisation |  |                          |   | Net Block                    |                              |
|------------------------------------|-----------------------------|----------------------------|--------------------------|-------------------------------|---|--|--------------------------|---|------------------------------|------------------------------|
|                                    | Balance as at April 1, 2014 | Additions                  | Disposals                | Balance as at March 31, 2015  | Balance as at April 1, 2014             | Depreciation / amortisation expense for the year | On disposals             | Transition Adjustment recorded against surplus balance in statement of P/L ** | Balance as at March 31, 2015 | Balance as at March 31, 2014 |
| <b>Fixed Assets</b>                |                             |                            |                          |                               |   |  |                          |   |                              |                              |
| <b>A Tangible Assets</b>           |                             |                            |                          |                               |   |  |                          |   |                              |                              |
| Computers                          | 76,230,070<br>(61,635,101)  | 62,191,672<br>(14,916,555) | 8,464,069<br>(321,586)   | 129,957,673*<br>(76,230,070)* | 42,094,270<br>(31,402,198)              | 25,061,778<br>(10,891,992)                       | 8,161,931<br>(199,920)   | 6,646,522<br>-  | 64,317,034<br>(34,135,800)   | 34,135,800                   |
| Leasehold improvements             | 37,002,646<br>(32,017,635)  | 11,566,644<br>(10,706,668) | 8,745,632<br>(5,721,657) | 39,823,658<br>(37,002,647)    | 22,787,993<br>(20,373,277)              | 5,715,743<br>(5,359,157)                         | 8,024,391<br>(2,944,441) | -<br>-  | 19,344,313<br>(14,214,652)   | 14,214,652                   |
| Furniture and Fixtures             | 37,129,111<br>(29,379,168)  | 19,342,338<br>(8,500,297)  | 3,156,506<br>(750,354)   | 53,314,943<br>(37,129,111)    | 19,826,287<br>(15,477,281)              | 11,375,011<br>(4,767,057)                        | 2,165,533<br>(418,051)   | 25,331<br>-   | 24,253,847<br>(17,302,824)   | 17,302,824                   |
| Vehicles                           | 2,415,507<br>(2,432,228)    | 6,133,009<br>-             | 1,697,301<br>(16,721)    | 6,851,215*<br>(2,415,507)*    | 992,545<br>(798,770)                    | 792,519<br>(210,496)                             | 795,518<br>(16,721)      | -<br>-  | 5,861,669<br>(1,422,962)     | 1,422,962                    |
| Office equipments                  | 41,173,672<br>(33,312,943)  | 19,409,046<br>(11,403,669) | 2,918,688<br>(3,542,940) | 57,664,030*<br>(41,173,672)*  | 10,167,835<br>(7,938,464)               | 17,449,136<br>(3,139,350)                        | 2,571,504<br>(909,979)   | 4,099,596   | 28,518,967<br>(31,005,837)   | 31,005,837                   |
| <b>Total (A)</b>                   | <b>193,951,006</b>          | <b>118,642,709</b>         | <b>24,982,196</b>        | <b>287,611,519</b>            | <b>95,868,930</b>                       | <b>60,394,187</b>                                | <b>21,718,877</b>        | <b>10,771,449</b>   | <b>142,295,830</b>           | <b>98,082,075</b>            |
| <b>Previous Year</b>               | <b>(158,777,075)</b>        | <b>(45,527,189)</b>        | <b>(10,353,258)</b>      | <b>(193,951,006)</b>          | <b>(75,989,990)</b>                     | <b>(24,368,052)</b>                              | <b>(4,489,112)</b>       |   | <b>(98,082,075)</b>          |                              |
| <b>B Intangible Assets- others</b> |                             |                            |                          |                               |   |  |                          |   |                              |                              |
| Computer software                  | 53,224,381<br>(45,548,101)  | 15,023,737<br>(7,676,280)  | -<br>-                   | 68,248,118<br>(53,224,381)    | 24,055,048<br>(16,955,930)              | 7,023,130<br>(7,099,118)                         | -<br>-                   | -<br>-  | 37,169,940<br>(29,169,333)   | 29,169,333                   |
| <b>Total (B)</b>                   | <b>53,224,381</b>           | <b>15,023,737</b>          | <b>-</b>                 | <b>68,248,118</b>             | <b>24,055,048</b>                       | <b>7,023,130</b>                                 | <b>-</b>                 | <b>-</b>  | <b>37,169,940</b>            | <b>29,169,333</b>            |
| <b>Previous Year</b>               | <b>(45,548,101)</b>         | <b>(7,676,280)</b>         | <b>-</b>                 | <b>(53,224,381)</b>           | <b>(16,955,930)</b>                     | <b>(7,099,118)</b>                               | <b>-</b>                 |   | <b>(29,169,333)</b>          |                              |
| <b>Total (A) + (B)</b>             | <b>247,175,387</b>          | <b>133,666,446</b>         | <b>24,982,196</b>        | <b>355,859,637</b>            | <b>119,923,978</b>                      | <b>67,417,317</b>                                | <b>21,718,877</b>        | <b>10,771,449</b>   | <b>179,465,770</b>           | <b>127,251,408</b>           |
| <b>Previous Year</b>               | <b>(204,325,176)</b>        | <b>(53,203,469)</b>        | <b>(10,353,258)</b>      | <b>(247,175,387)</b>          | <b>(92,945,920)</b>                     | <b>(31,467,170)</b>                              | <b>(4,489,112)</b>       |   | <b>(127,251,408)</b>         |                              |

1. \* Net of grants received for purchase of computers Rs.1,433,435/- (PY - Rs. 1,550,000/-) Vehicles Rs.887,720/- (PY -Rs. 887,720/-) and Office equipments Rs.376,156/- (PY -Rs.74,290/-)

2. \*\* In compliance with Companies Act 2013 carrying amount of the Asset shall be recognized in the opening balance of retained earnings where the remaining useful life of an asset is NIL

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

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



## Notes forming part of financial statements

### Note 12 - Non-current investments

(Amount in Rupees)

| Particulars  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| <b>Trade Investments, at cost (Not quoted) in other entities</b>   |                         |                         |
| Investment in equity instruments   |                         |                         |
| Alpha Micro Finance Consultants Pvt Ltd, 100,000 Equity shares (P.Y.100,000) of Rs.10/- each fully paid up | 1,000,000               | 1,000,000               |
| Ujjivan Social Services Foundation   |                         |                         |
| 1,000 Equity shares (P.Y. 1,000) of Rs.10/- each at cost fully paid up                                     | 10,000                  | 10,000                  |
| <b>Total</b>   | <b>1,010,000</b>        | <b>1,010,000</b>        |
| Aggregate amount of unquoted investments   | 1,010,000               | 1,010,000               |

### Note 13 Long-term loans and advances

(Unsecured, Considered good unless otherwise stated)

(Amount in Rupees)

| Particulars                      | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|----------------------------------|-------------------------|-------------------------|
| (a) Capital advances             | 4,577,706               | 732,713                 |
| (b) Security Deposits            | 56,575,847              | 46,861,889              |
| (c) Employees Loans and advances | 7,303,678               | 3,486,011               |
| (d) Prepaid expenses             | -                       | 50,073                  |
| <b>Total</b>                     | <b>68,457,231</b>       | <b>51,130,686</b>       |

### Note 14 Other non current assets

(Unsecured, considered good unless otherwise stated)

(Amount in Rupees)

| Particulars   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| (a) Receivable under financing activity (long-term) unsecured (Refer Note 25.5) |                         |                         |
| Considered good   | 5,887,343,934           | 2,296,363,583           |
| Considered doubtful   | 615,864                 | 178,394                 |
| (b) Interest accrued on long term deposits                                      | 2,211,269               | 3,200,858               |
| (c) Term deposits (more than 12 months maturity) *                              | 164,891,201             | 161,400,716             |
| <b>Total</b>  | <b>6,055,062,268</b>    | <b>2,461,143,551</b>    |

\* Under lien against loans availed by the Company.



## Notes forming part of financial statements

### Note-15 Trade receivables under financing activity

(Amount in Rupees)

| Particulars  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| <b>Unsecured</b>   |                         |                         |
| Outstanding for a period less than six months from the date they are due for payment (Refer Note 25.5) |                         |                         |
| Considered good  | 26,276,105,683          | 13,864,475,516          |
| Considered doubtful  | 18,936,801              | 7,057,544               |
|  |                         |                         |
|  | <b>26,295,042,484</b>   | <b>13,871,533,060</b>   |
| <b>Unsecured</b>   |                         |                         |
| Outstanding for a period exceeding six months from the date they are due for payment (Refer Note 25.5) |                         |                         |
| Considered good  | -                       | -                       |
| Considered doubtful  | 3,908,103               | 4,604,301               |
|  |                         |                         |
|  | <b>3,908,103</b>        | <b>4,604,301</b>        |
|  |                         |                         |
| <b>Total</b>   | <b>26,298,950,587</b>   | <b>13,876,137,361</b>   |

i) Assets derecognised on account of securitization of receivables is Rs.554,464,340/- (P.Y.Nil)

### Note - 16 Cash and Bank balances

(Amount in Rupees)

| Particulars  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| <b>I. Cash &amp; Cash equivalents</b>                              |                         |                         |
| a) Cash in Hand  | 2,199,306               | 3,060,648               |
| b) Cheques drafts on hand  | -                       | 36894                   |
|  |                         |                         |
| c) Balances with Banks   |                         |                         |
| (i) In Current account (Refer Note i below)                        | 814,636,906             | 1,113,040,083           |
| (ii) In deposit accounts with original maturity less than 3 months | 5,561,000,000           | 2,745,900,000           |
|  |                         |                         |
|  | <b>6,377,836,212</b>    | <b>3,862,037,625</b>    |
| <b>II. Other bank balances</b>                                     |                         |                         |
| a) In earmarked deposits (Refer Note ii below)                     | -                       | 4,368,800               |
|  | -                       | 4,368,800               |
|  |                         |                         |
| <b>Total</b>   | <b>6,377,836,212</b>    | <b>3,866,406,425</b>    |

Note

(i) Balance with banks of Rs.14,110,750/- (P.Y. Rs.19,341,941/-) which is used only for repayment of Security deposit of customers.

(ii) Under lien against loans availed by the Company.



**Notes forming part of financial statements**
**Note 17 Short-term loans and advances**

(Amount in Rupees)

| Particulars                                     | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| (a) Deposits - Unsecured, considered good       | 439,058                 | 147,255                 |
| (b) Loans and advances                          |                         |                         |
| Unsecured, considered good                      | 31,553,095              | 16,273,203              |
| Unsecured, considered doubtful                  | 1,574,593               | 974,831                 |
|   | <b>33,127,688</b>       | <b>17,248,034</b>       |
| Less: Provision for doubtful loans and advances | 1,574,593               | 974,831                 |
|   | <b>31,553,095</b>       | <b>16,273,203</b>       |
| (c) Prepaid expenses                            | 12,029,779              | 12,955,454              |
| (d) Other advances *                            |                         |                         |
| Unsecured, considered good                      | 162,599,606             | 76,841,123              |
| Unsecured, considered doubtful                  | 5,780,476               | 4,537,773               |
|   | <b>168,380,082</b>      | <b>81,378,896</b>       |
| Less: Provision for doubtful advances           | 5,780,476               | 4,537,773               |
|   | <b>162,599,606</b>      | <b>76,841,123</b>       |
| <b>Total</b>                                    | <b>206,621,538</b>      | <b>106,217,035</b>      |

\* includes insurance claim receivable, advance for expenses and amounts towards collateral for securitisation of receivables.

**Note 18 Other current assets**

(Amount in Rupees)

| Particulars                               | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| (a) Interest accrued on                   |                         |                         |
| (i) Fixed deposits                        | 20,745,624              | 17,816,280              |
| (ii) Receivables under financing activity | 400,254,458             | 211,485,006             |
| (b) Accrued income                        | 1,404,089               | 97,351                  |
| <b>Total</b>                              | <b>422,404,171</b>      | <b>229,398,637</b>      |



## Notes forming part of financial statements

### Note 19 Income from Operations

(Amount in Rupees)

| Particulars              | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--------------------------|------------------------------|------------------------------|
| Interest on loans        | 5,508,316,784                | 3,254,491,428                |
| Loan processing fee      | 472,722,340                  | 224,400,957                  |
| Other Financial Services | 12,125,910                   | -                            |
| <b>Total</b>             | <b>5,993,165,034</b>         | <b>3,478,892,385</b>         |

### Note 20 Other Income

(Amount in Rupees)

| Particulars  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Interest Income (Refer Note below)   | 68,374,237                   | 34,510,871                   |
| Profit on sale of current investments  | 44,659,163                   | 29,504,843                   |
| Fee income, other than financing activity  | 1,547,797                    | 27,664,036                   |
| Miscellaneous income (Includes profit/loss on sale of assets received on grant Rs. 13,506/-) | 11,054,360                   | 6,055,137                    |
| <b>Total</b>   | <b>125,635,557</b>           | <b>97,734,887</b>            |

Note: Interest Income Disclosure

(Amount in Rupees)

| Particulars                   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|-------------------------------|------------------------------|------------------------------|
| Interest on fixed deposits    | 68,374,237                   | 34,458,567                   |
| Interest on income tax refund | -                            | 52,304                       |
|                               | <b>68,374,237</b>            | <b>34,510,871</b>            |

### Note 21 Employee benefits expense

(Amount in Rupees)

| Particulars  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| Salaries and wages (Net)                                     | 1,148,753,295                | 708,402,742                  |
| Contributions to provident and other funds (Refer Note 26.1) | 90,768,740                   | 49,091,232                   |
| Staff welfare expenses                                       | 88,173,523                   | 57,418,942                   |
| <b>Total</b>   | <b>1,327,695,558</b>         | <b>814,912,916</b>           |



**Note 22 Administrative and Other Expenses**

(Amount in Rupees)

| Particulars   | Year ended<br>March 31, 2015 |                    | Year ended<br>March 31, 2014 |                    |
|---|------------------------------|--------------------|------------------------------|--------------------|
| Electricity & water charges   |                              | 15,066,067         |                              | 10,328,975         |
| Rent  |                              | 92,189,270         |                              | 60,510,767         |
| Donation  |                              | 500,000            |                              | -                  |
| Repairs & maintenance   |                              |                    |                              |                    |
| Buildings   |                              | 4,392,249          |                              | 2,194,642          |
| Others  |                              | 18,088,563         |                              | 10,637,502         |
| Security & house keeping expenses                                       |                              | 25,777,246         |                              | 18,471,012         |
| Office maintenance  |                              | 13,972,758         |                              | 8,277,734          |
| Insurance   |                              | 4,808,570          |                              | 3,160,779          |
| Rates & taxes   |                              | 16,172,026         |                              | 8,107,422          |
| Audit fees (Refer Note (i) below)                                       |                              | 2,171,901          |                              | 2,093,527          |
| Professional charges (Net of Grants received Rs. 3,500,000/- (PY. Nil)) |                              | 116,018,207        |                              | 39,442,433         |
| Sitting fee   |                              | 1,077,727          |                              | 615,844            |
| Postage & courier   |                              | 21,293,039         |                              | 13,031,405         |
| Printing & stationery   |                              | 38,901,974         |                              | 19,695,225         |
| Recruitment expenses  |                              | 10,487,042         |                              | 3,276,017          |
| Telephone charges   |                              | 34,891,794         |                              | 22,324,203         |
| Training & conference charges   |                              | 45,418,764         |                              | 15,918,004         |
| Travelling and conveyance expenses                                      |                              | 148,604,603        |                              | 90,475,033         |
| Expenditure on Corporate social responsibility (Refer Note 30)          |                              | 14,664,484         |                              | 8,810,722          |
| Advances written off  | 928,190                      |                    | 2,452,721                    | -                  |
| Less: Provision reversed  | -                            | 928,190            | 2,299,901                    | 152,820            |
| Fixed Assets Written off  |                              | 852,563            |                              | 52,203             |
| Loss on sale of fixed assets (net)                                      |                              | 432,585            |                              | 4,871,664          |
| Provision for other advances  |                              | 1,842,465          |                              | 2,448,312          |
| Miscellaneous expenses  |                              | 25,719,304         |                              | 15,473,285         |
|   |                              |                    |                              |                    |
| <b>Total</b>  |                              | <b>654,271,391</b> |                              | <b>360,369,530</b> |

**Note**

| Particulars  | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|--|------------------------------|------------------------------|
| (i) Payments to the auditors comprises (net of service tax input credit) |                              |                              |
| Audit Services   | 1,500,000                    | 1,500,000                    |
| Tax audit  | 300,000                      | 300,000                      |
| Other attest services  | 150,000                      | 100,000                      |
| Reimbursement of expenses and levies                                     | 221,901                      | 193,527                      |
| <b>Total</b>   | <b>2,171,901</b>             | <b>2,093,527</b>             |



Notes forming part of financial statements

Note 23 Finance Costs

(Amount in Rupees)

| Particulars   | Year ended<br>March 31, 2015 | Year ended<br>March 31, 2014 |
|---|------------------------------|------------------------------|
| <b>(a) Interest expense on</b>  |                              |                              |
| (i) Borrowings  | 2,551,522,441                | 1,343,914,702                |
| (ii) Others   | 461,078                      | 296,981                      |
| <b>(b) Loan processing fees, bank charges and other related costs</b> |                              |                              |
|   | 161,823,445                  | 104,335,002                  |
| <b>Total</b>  | <b>2,713,806,964</b>         | <b>1,448,546,685</b>         |

Note 24 Bad debts and Provision for receivables

(Amount in Rupees)

| Particulars  | Year ended<br>March 31, 2015 |                    | Year ended<br>March 31, 2014 |                   |
|--|------------------------------|--------------------|------------------------------|-------------------|
| Bad debts written off                                | 16,050,087                   |                    | 10,465,375                   |                   |
| Less: Provision Reversed                             | (10,078,002)                 | 5,972,085          | (8,921,787)                  | 1,543,588         |
| Provision for receivables under financing activities |                              | 204,504,597        |                              | 81,379,233        |
| <b>Total</b>   |                              | <b>210,476,682</b> |                              | <b>82,922,821</b> |



## Notes forming part of financial statements

### 25 Additional information to the financial statements

#### 25.1 Contingent liabilities and commitments (to the extent not provided for)

(Amount in Rupees)

|      | Particulars   | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|------|---|-------------------------|-------------------------|
| (i)  | Contingent liabilities  |                         |                         |
|      | (a) Disputed taxes – Service tax  | 4,226,041               | 4,226,041               |
| (ii) | Commitments   |                         |                         |
|      | a) Estimated amount of contracts remaining to be executed on capital account and not provided for |                         |                         |
|      | Tangible Assets   | 1,725,895               | 978,342                 |
|      | Intangible Assets   | 2,800,000               | -                       |

#### 25.2 Earnings in foreign currency - Rs. Nil (PY.Nil)

#### 25.3 Expenditure in foreign currency - Rs. Nil (PY.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 installment 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 the Company inline with guidelines laid down under the DNBS(PD)CC.No.347/30.10.038/ 2013-14 dated July 01, 2013 has provided 1% of the total outstanding portfolio as at March 31, 2015. The Company has made additional provision of Rs.34,284,286/- in addition to the above mentioned RBI norms

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



| Classification of Assets  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|---|-------------------------|-------------------------|
| Standard assets   | 32,163,449,617          | 16,160,839,100          |
| Sub-standard assets   | 11,987,744              | 4,470,435               |
| Doubtful assets   | 11,473,025              | 7,369,804               |
| <b>Total</b>  | <b>32,186,910,386</b>   | <b>16,172,679,339</b>   |
| Note: 14 Non current- Receivable under financing activity- Standard Assets        | 5,887,343,934           | 2,296,363,584           |
| Note: 14 Non current-Receivable under financing activity- Non performing Assets   | 615,864                 | 178,394                 |
| Note-15 Current-Trade receivables under financing activity- Standard Assets       | 26,295,042,485          | 13,871,533,060          |
| Note-15 Current-Trade receivables under financing activity- Non performing Assets | 3,908,103               | 4,604,301               |
| <b>Total</b>  | <b>32,186,910,386</b>   | <b>16,172,679,340</b>   |

| Provision  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| Standard assets  | 338,686,494             | 152,121,770             |
| Sub-standard assets                                      | 5,993,872               | 2,235,218               |
| Doubtful assets  | 11,473,025              | 7,369,804               |
| <b>Total</b>   | <b>356,153,391</b>      | <b>161,726,792</b>      |
| Note: 6 Long term -Provision for standard assets         | 58,873,439              | 22,866,992              |
| Note: 6 Long term -Provision for non performing assets   | 615,864                 | 96,644                  |
| Note: 10 Short term -Provision for standard assets       | 279,813,055             | 129,254,778             |
| Note: 10 Short term -Provision for non performing assets | 16,851,033              | 9,508,378               |
| <b>Total</b>   | <b>356,153,391</b>      | <b>161,726,792</b>      |



**25.6 Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1<sup>st</sup> August 2008****(i) Capital to Risk asset ratio**

(Amount in Rupees)

| Particulars   | As at March 31, 2015 | As at March 31, 2014 |
|---|----------------------|----------------------|
| Tier I Capital  | 7,161,215,820        | 3,626,482,136        |
| Tier II Capital   | 838,686,494          | 152,121,770          |
| <b>Total</b>  | <b>7,999,902,314</b> | <b>3,778,603,906</b> |
| Total Risk Weighted Assets  | 33,005,824,940       | 16,624,693,434       |
| <b>Capital Ratios</b>   |                      |                      |
| Tier I Capital as a percentage of Total Risk Weighted Assets (%)  | 21.70%               | 21.81%               |
| Tier II Capital as a percentage of Total Risk Weighted Assets (%) | 2.54%                | 0.92%                |
| Total Capital (%)   | 24.24%               | 22.73%               |

**(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, 2015

**(iii) Exposure to Capital Market**

The Company does not have any exposure to Capital Market as at March 31, 2015

**(iii) Maturity Pattern of Assets and Liabilities**

Maturity pattern of certain items of assets and liabilities as on March 31, 2015

(Amount in Rupees)

| Particulars                  | Liabilities                      |                   | Assets                |                  |
|------------------------------|----------------------------------|-------------------|-----------------------|------------------|
|                              | Borrowings from Banks and others | Market Borrowings | Advances              | Investments      |
| Up to one month              | 1,310,313,511                    | -                 | 2,775,844,593         | -                |
| Over one month to 2 months   | 1,046,613,118                    | -                 | 2,936,982,687         | -                |
| Over 2 months up to 3 months | 1,768,539,329                    | -                 | 2,867,670,320         | -                |
| Over 3 months up to 6 months | 5,136,730,733                    | -                 | 7,891,698,383         | -                |
| Over 6 months to 1 year      | 9,124,592,738                    | -                 | 9,826,754,605         | -                |
| Over 1 year to 3 years       | 11,730,934,381                   | -                 | 5,882,979,737         | -                |
| Over 3 years to 5 years      | 1,100,000,000                    | -                 | 3,355,262             | -                |
| Over 5 years                 | -                                | -                 | 1,624,799             | 1,010,000        |
| <b>Total</b>                 | <b>31,217,723,810</b>            | <b>-</b>          | <b>32,186,910,386</b> | <b>1,010,000</b> |

**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.



## Notes forming part of financial statements

### 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, 2015

|   | Less than Rs. 1 lakh |                  | Rs. 1 to Rs. 5 lakhs |           | Rs. 5 - 25 lakhs |           | Total           |                  |
|---|----------------------|------------------|----------------------|-----------|------------------|-----------|-----------------|------------------|
|   | No. of Accounts      | Value Rs.        | No. of Accounts      | Value Rs. | No. of Accounts  | Value Rs. | No. of Accounts | Value Rs.        |
| <b>A) Person involved</b>                                 |                      |                  |                      |           |                  |           |                 |                  |
| Staff   | 437                  | 1,411,065        |                      |           |                  |           | 437             | 1,411,065        |
| Customer  |                      |                  |                      |           |                  |           |                 |                  |
| Staff and customer  |                      |                  |                      |           |                  |           |                 |                  |
| <b>Total</b>  | <b>437</b>           | <b>1,411,065</b> | <b>-</b>             | <b>-</b>  | <b>-</b>         | <b>-</b>  | <b>437</b>      | <b>1,411,065</b> |
| <b>B) Type of fraud</b>                                   |                      |                  |                      |           |                  |           |                 |                  |
| Misappropriation and criminal breach of trust             | 437                  | 1,411,065        |                      |           |                  |           | 437             | 1,411,065        |
| Fraudulent encashment / Manipulation of books of accounts |                      |                  |                      |           |                  |           |                 |                  |
| Unauthorised credit facility extended                     |                      |                  |                      |           |                  |           |                 |                  |
| Cheating and forgery                                      |                      |                  |                      |           |                  |           |                 |                  |
| <b>Total</b>  | <b>437</b>           | <b>1,411,065</b> | <b>-</b>             | <b>-</b>  | <b>-</b>         | <b>-</b>  | <b>437</b>      | <b>1,411,065</b> |

March 31, 2014

|   | Less than Rs. 1 lakh |                | Rs. 1 to Rs. 5 lakhs |           | Rs. 5 - 25 lakhs |           | Total           |                |
|---|----------------------|----------------|----------------------|-----------|------------------|-----------|-----------------|----------------|
|   | No. of Accounts      | Value Rs.      | No. of Accounts      | Value Rs. | No. of Accounts  | Value Rs. | No. of Accounts | Value Rs.      |
| <b>A) Person involved</b>                                 |                      |                |                      |           |                  |           |                 |                |
| Staff   | 573                  | 442,023        |                      |           |                  |           | 573             | 442,023        |
| Customer  |                      |                |                      |           |                  |           |                 |                |
| Staff and customer  |                      |                |                      |           |                  |           |                 |                |
| <b>Total</b>  | <b>573</b>           | <b>442,023</b> | <b>-</b>             | <b>-</b>  | <b>-</b>         | <b>-</b>  | <b>573</b>      | <b>442,023</b> |
| <b>B) Type of fraud</b>                                   |                      |                |                      |           |                  |           |                 |                |
| 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                                      |                      |                |                      |           |                  |           |                 |                |
| <b>Total</b>  | <b>573</b>           | <b>442,023</b> | <b>-</b>             | <b>-</b>  | <b>-</b>         | <b>-</b>  | <b>573</b>      | <b>442,023</b> |

#### 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 2015 is 9.82%. 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

### 25.9 Disclosure as required under DNBR (PD) CC. No. 002 / 03.10.001/2014-15 dated November 10, 2014.

#### 25.9.1 Concentration of Advances

(Amount in Rupees)

| Particulars  | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| Total Advances to twenty largest borrowers                           | 11,546,325     | 8,101,325      |
| Percentage of Advances to twenty largest borrowers to Total Advances | 0.02%          | 0.03%          |

#### 25.9.2 Concentration of Exposures

(Amount in Rupees)

| Particulars  | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| Total Exposure to twenty largest customers   | 11,083,898     | 7,206,099      |
| Percentage of Exposures to twenty largest customers to Total Exposure on customers | 0.04%          | 0.04%          |

#### 25.9.3 Concentration of NPAs

(Amount in Rupees)

| Particulars                             | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| Total Exposure to top four NPA accounts | 562,799        | 200,739        |

#### 25.9.4 Sector-wise NPAs

(Amount in Percentage)

| Particulars                     | March 31, 2015 | March 31, 2014 |
|---------------------------------|----------------|----------------|
| Agriculture & allied activities | 0.04%          | 0.27%          |
| MSME                            | -              | -              |
| Corporate borrowers             | -              | -              |
| Services                        | -              | -              |
| Unsecured personal loans        | 0.06%          | 0.06%          |
| Auto loans                      | -              | -              |
| Other personal loans            | 0.23%          | 0.21%          |



## Notes forming part of financial statements

### 25.9.5 Movement of NPAs

| Particulars  | As at<br>March 31, 2015 | As at<br>March 31, 2014 |
|--|-------------------------|-------------------------|
| (i) Net NPAs to Net Advances (%)   | 0.02%                   | 0.01%                   |
| <b>Movement of NPAs (Gross)</b>  |                         |                         |
| (a) Opening balance  | 11,840,239              | 9,489,052               |
| (b) Additions during the year  | 35,872,502              | 19,186,405              |
| (c) Reductions during the year   | 24,251,972              | 16,835,218              |
| (d) Closing balance  | 23,460,769              | 11,840,239              |
| <b>Movement of Net NPAs</b>  |                         |                         |
| (a) Opening balance  | 2,235,217               | 8,513,392               |
| (b) Additions during the year  | 17,936,251              | 1,127,870               |
| (c) Reductions during the year   | 14,177,596              | 7,406,045               |
| (d) Closing balance  | 5,993,872               | 2,235,217               |
| <b>Movement of provisions for NPAs (excluding provisions on standard assets)</b> |                         |                         |
| (a) Opening balance  | 9,605,022               | 975,660                 |
| (b) Provisions made during the year  | 17,936,251              | 18,058,535              |
| (c) Write-off / write-back of excess provisions                                  | 10,074,376              | 9,429,173               |
| (d) Closing balance  | 17,466,897              | 9,605,022               |

**25.9.6** During the year there are no instances of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeding the sanctioned limit or outstanding or entire outstanding whichever is higher.

**25.9.7** During the year company has not given any advances with intangible collateral such as charge over the rights, licenses, authority etc.

### 25.9.8 Registration obtained from other financial sector regulators

During the year the company has not obtained any registrations from other financial regulators.

### 25.9.9 Penalties imposed by RBI and other regulators

During the year there is no penalties imposed by RBI and other regulators.

### 25.9.10 Ratings assigned by credit rating agencies and migration of ratings during the year

| Particulars  | Rating Assigned                           |
|--|---|
| 1. MFI Grading   | CRISIL MFR 1                              |
| 2. Long Term Bank Facilities /Non convertible Debentures | Long Term Borrowing Rs. 3000 Crs - CARE A |
|  | NCD_40 Crs CARE A                         |
|  | NCD_50 Crs CARE A                         |
|  | NCD_60 Crs CARE A                         |
|  | NCD_50 Crs ICRA A-                        |
|  | NCD_40 Crs ICRA A-                        |
|  | NCD_75 Crs ICRA A-                        |



|                                |                               |
|--------------------------------|-------------------------------|
| 3. Securitization Transactions | 1.Orthosie                    |
|                                | PTC Series A1 - ICRA BBB+(SO) |
|                                | PTC Series A2 - ICRA BB (SO)  |
|                                | 2. Orion                      |
|                                | PTC Series A1 - ICRA A-(SO)   |
|                                | PTC Series A2 - ICRA BBB-(SO) |
|                                | PTC Series A3 - ICRA BB-(SO)  |
|                                | 3. Optima                     |
|                                | PTC Series A – ICRA-(SO)      |

#### 25.9.11 Disclosure of Complaints

|  |       |
|--|-------|
| No. of complaints pending at the beginning of the year | 13    |
| No. of complaints received during the year             | 1,433 |
| No. of complaints redressed during the year            | 1,435 |
| No. of complaints pending at the end of the year       | 11    |

#### 25.9.12 Provisions and Contingencies (shown under the head Expenditure in Profit and Loss Account)

(Amount in Rupees)

| Particulars                               | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| Provisions for depreciation on Investment | -              | -              |
| Provision towards NPA                     | 1,793,6251     | 18,058,535     |
| Provision for Standard Assets             | 186,568,346    | 63,320,698     |
| Provision made towards Income tax         | 470,000,000    | 317,000,000    |
| Doubtful Advances                         | 1,842,465      | 2,448,312      |

#### 25.9.13 Investments

(Amount in Rupees)

| Particulars  | March 31, 2015 | March 31, 2014 |
|--|----------------|----------------|
| <b>Value of Investments</b>  |                |                |
| (i) Gross Value of Investments   |                |                |
| (a) In India   | 1,010,000      | 10,10,000      |
| (b) Outside India,   | -              | -              |
| (ii) Provisions for Depreciation                                       |                |                |
| (a) In India   | -              | -              |
| (b) Outside India,   | -              | -              |
| (iii) Net Value of Investments   |                |                |
| (a) In India   | 1,010,000      | 1,010,000      |
| (b) Outside India.   | -              | -              |
| <b>Movement of provisions held towards depreciation on investments</b> |                |                |
| (i) Opening balance  | -              | -              |
| (ii) Add : Provisions made during the year                             | -              | -              |
| (iii) Less : Write-off / write-back of excess                          | -              | -              |
| (iv) Closing balance   | -              | -              |

#### 25.9.14 Derivatives:

The Company has no transactions / exposure in derivatives in the current year and previous year.



**Notes forming part of financial statements**

**Note 26 Disclosures under Accounting Standards**

**26.1 Employee Benefits:**

The details of employee benefits are as given below:

I Defined Contribution Plans

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

(Amount in Rupees)

| Particulars   | for the year ended<br>March 31, 2015 | for the year ended<br>March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Employers' Contribution to Provident & Pension Fund | 60,211,165                           | 34,364,715                           |

II Defined Benefit Plan

Contribution to Gratuity Fund:

Details of defined benefit plan of gratuity are given below:

(Amount in Rupees)

| Particulars  | March 31, 2015    | March 31, 2014    |
|--|-------------------|-------------------|
| <b>Components of employer expense</b>  |                   |                   |
| Current Service cost   | 20,212,119        | 14,360,578        |
| Interest cost  | 4,052,181         | 3,441,219         |
| Expected return on plan assets   | (5,074,490)       | (2,023,547)       |
| Actuarial Losses/(Gains)   | 11,367,765        | (169,088)         |
| <b>Total expense/(income) recognized in the Statement of Profit &amp; Loss</b> | <b>30,557,575</b> | <b>15,609,162</b> |
| <b>Actual Contribution and Benefit Payments for the Year ended</b>             |                   |                   |
| Actual benefit payments  | (3,850,213)       | (2,231,507)       |
| Actual Contributions   | 19,813,137        | 18,505,129        |
| <b>Change in Defined Benefit Obligation (DBO) during the year ended</b>        |                   |                   |
| Present Value of DBO at the beginning of the year                              | 54,278,862        | 38,848,414        |
| Current service cost   | 20,212,119        | 14,360,578        |
| Interest cost  | 4,052,181         | 3,441,219         |
| Actuarial (gains)/losses   | 6,293,275         | (139,842)         |
| Benefits paid  | (3,850,213)       | (2,231,507)       |
| <b>Present Value of DBO at the end of the year</b>                             | <b>80,986,224</b> | <b>54,278,862</b> |

| Particulars  | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| <b>Net asset/(liability) recognized in balance sheet as at</b> |                      |                      |
| Fair value of plan assets                                      | 55,515,269           | 39,552,345           |
| Present Value of Defined Benefit Obligation                    | (80,986,224)         | (54,278,862)         |
| Excess of plan assets over present value of obligation         | -                    | -                    |
| <b>Net (liability) recognized in balance sheet</b>             | <b>(25,470,955)</b>  | <b>(14,726,517)</b>  |
| <b>Present Value of DBO at the end of the period /year</b>     |                      |                      |
| Current Liability  | (25,470,955)         | (14,726,517)         |
| Non current liability  | -                    | -                    |
| <b>Change in Fair Value of Assets during the year ended</b>    |                      |                      |
| Plan assets at the beginning of the year                       | 39,552,345           | 21,225,930           |
| Expected return on plan assets                                 | 5,074,490            | 2,023,547            |
| Actuarial gain/(loss)  | (5,074,490)          | 29,246               |

| Particulars                               | for the year ended<br>March 31, 2015 | for the year ended<br>March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Actual Company Contributions              | 19,813,137                           | 18,505,129                           |
| Benefit Paid                              | (3,850,213)                          | (2,231,507)                          |
| <b>Plan assets at the end of the year</b> | <b>55,515,269</b>                    | <b>39,552,345</b>                    |
| <b>Actuarial Assumptions</b>              |                                      |                                      |
| Discount Rate                             | 7.74%                                | 9.12%                                |
| Expected Return on plan assets            | 8.00%                                | 8.00%                                |
| Rate of increase in compensation          | 10.00%                               | 10.00%                               |
| Attrition rate                            | 17.32%                               | 17.24%                               |
| 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

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

(Amount in Rupees)

| Particulars  | As at<br>March 31, 2015 | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--|-------------------------|-------------------------|-------------------------|
| Defined Benefit Obligation at end of the year          | 80,986,224              | 54,278,862              | 38,848,414              |
| Plan Assets at end of the year                         | 55,515,269              | 39,552,345              | 21,225,930              |
| Funded Status - Assets/ (Liabilities)                  | (25,470,955)            | (14,726,517)            | (17,622,484)            |
| Experience Gain/(Loss) adjustments on plan liabilities | 6,293,275               | (340,486)               | (340,486)               |
| Experience Gain/(Loss) adjustments on plan Assets      | 5,074,490               | 29,246                  | 299,427                 |
| Actuarial Gain/(Loss) due to change on assumptions     | 34,575,013              | 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 Rupees)

| Particulars                          | for the year ended<br>March 31, 2015 | for the year ended<br>March 31, 2014 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Charge in statement of Profit & Loss | 27,808,935                           | 11,781,504                           |
| Liability as at the period end       | 55,961,380                           | 34,437,986                           |
| <b>Actuarial Assumptions</b>         |                                      |                                      |
| Discount Rate                        | 7.74%                                | 9.12%                                |
| Rate of increase in compensation     | 10.00%                               | 10.00%                               |
| Attrition rate                       | 17.32%                               | 17.24%                               |
| 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



## Notes forming part of financial statements

### Note 26 Disclosures under Accounting Standards

#### 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 (upto August 31, 2014)

Mr. Sanjeev Barnwal,  
Company Secretary (with effect from September 1, 2014)

Enterprises owned by Key Management Personnel

Parinaam Foundation

Ujjivan Social Services Foundation

B. Transactions with Related Parties during the year

(Amount in Rupees)

| Particulars  | Key Management Personnel |                |
|--|--------------------------|----------------|
|  | March 31, 2015           | March 31, 2014 |
| Remuneration:  |                          |                |
| Mr. Samit Ghosh  | 7,255,064                | 5,078,149      |
| Mrs. Sudha Suresh  | 4,355,182                | 3,627,972      |
| Mrs. Suhasini Ashok (upto August 31, 2014)               | 542,816                  | 784,924        |
| Mr. Sanjeev Barnwal (with effect from September 1, 2014) | 1,178,236                | -              |

Enterprises owned by Key Management Personnel

(Amount in Rupees)

| Particulars                           | March 31, 2015 | March 31, 2014 |
|---------------------------------------|----------------|----------------|
| A. Parinaam Foundation                |                |                |
| Recovery of expense                   | 7,278,705      | 6,245,502      |
| Donations                             | 500,000        | -              |
| B. Ujjivan Social Services Foundation |                |                |
| Investment in shares                  | -              | 10,000         |

C. Outstanding balance with related parties

| Outstanding Balance        | March 31, 2015 | March 31, 2014 |
|----------------------------|----------------|----------------|
| Due to Mr. Samit Ghosh     | 357,000        | 244,072        |
| Due to Mrs. Sudha Suresh   | 210,000        | 182,592        |
| Due to Mrs. Suhasini Ashok | 26,273         | 9,284          |
| Due to Mr. Sanjeev Barnwal | 24,471         | -              |



## Notes forming part of financial statements

### 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 120 months which are non-cancellable for the period as reflected in the respective agreements. These lease agreements provide for increase in the lease payments by 10% to 15% over the period as mentioned in the agreements. The total minimum lease payments for the current period, in respect of operating leases, included under rent, aggregates to Rs. 92,189,270/- (P.Y.Rs. 60,510,767/-)

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

(Amount in Rupees)

| Particulars                                       | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| Not later than one year                           | 43,061,728     | 32,241,672     |
| Later than one year but not later than five years | 58,774,804     | 77,286,668     |
| Later than 5 years                                | -              | -              |

#### 26.5 Earnings per share

| Particulars  | As at March 31, 2015 | As at March 31, 2014 |
|--|----------------------|----------------------|
| Net profit / (loss) after tax (Rs.)                  | 757,887,961          | 550,375,011          |
| Weighted average shares outstanding – Basic (Nos.)   | 67,427,464           | 65,581,363           |
| Weighted average shares outstanding – Diluted (Nos.) | 71,375,884           | 69,719,450           |
| Earnings / (loss) per share – Basic (Rs.)            | 11.24                | 8.39                 |
| Earnings / (loss) per share – Diluted (Rs.)          | 10.62                | 7.89                 |

Other ratios are indicated below

| Particulars             | As at March 31, 2015 | As at March 31, 2014 |
|-------------------------|----------------------|----------------------|
| Debt Service Ratio      | 0.07                 | 0.10                 |
| Interest Coverage Ratio | 1.45                 | 1.62                 |
| Debt Equity Ratio       | 4.46                 | 4.71                 |

#### 26.6 Deferred Tax

In accordance with Accounting Standard -22 “Accounting for Taxes on Income”, the company has recognized Rs.80,802,636/- (PY. Rs.28,130,625/-) as deferred tax credit as detailed below:

(Amount in Rupees)

| Particulars                                    | Deferred Tax (Assets) / Liabilities as on April 1, 2014 | Current period (credit) / charge * | Deferred Tax (Assets) / Liabilities as on March 31, 2015 |
|--|---|------------------------------------|--|
| Difference between book and tax depreciation * | 5,235,263   | (3,122,945)                        | (1,548,897)  |
| Provision for Employee benefits                | (16,711,015)  | (10,967,836)                       | (27,678,851)   |
| Provision for doubtful assets                  | (56,844,671)  | (66,711,855)                       | (123,556,526)  |
| <b>Net Deferred Tax (Asset) / Liability</b>    | <b>(68,320,423)</b>                                     | <b>(80,802,636)</b>                | <b>(152,784,274)</b>                                     |

\*including deferred tax asset on transition adjustment of depreciation recorded against surplus (Note. 29)



## Notes forming part of financial statements

### 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 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, 2015 would have been lower by Rs.14,797,191/- and the basic and diluted EPS would have been revised to Rs.11.15/- and Rs.10.53/- respectively.

Option activity under the plans is as given as below:

| Particulars  | Number                            |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
| Options granted, beginning of year                                     | 4,138,088                         | 4,435,025                         |
| Granted during the year  | -                                 | -                                 |
| Exercised during the year  | -                                 | -                                 |
| Forfeited/Expired during the year                                      | 189,668                           | 296,937                           |
| Options granted, as of March 31, 2015                                  | 3,948,420                         | 4,138,088                         |
| Option exercisable at the year end                                     | 2,312,633                         | 1,841,097                         |
| Weighted average of remaining contractual life (years) at the year end | 2.09                              | 2                                 |

28 As per RBI guidelines on Securitisation DNBR (PD) CC. No.002/03.10.001/2014-15 dated November 10, 2014 the details of securitisation are given below:

| Particulars   | Numbers/Amount (Rs.) |
|---|----------------------|
| No of SPVs sponsored by the NBFC for securitisation transactions*                                 | 3                    |
| Total amount of securitised assets as per books of the SPVs Sponsored                             | 836,401,002          |
| Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet |                      |
| <b>a) Off-balance sheet exposures</b>   |                      |
| First loss  | -                    |
| Others  |                      |
| <b>b) On-balance sheet exposures</b>  |                      |
| First loss  | 66,047,037           |
| Others  |                      |
| <b>Amount of exposures to securitisation transactions Other than MRR</b>                          |                      |
| <b>a) Off-balance sheet exposures</b>   |                      |
| <b>i) Exposure to own securitizations</b>   |                      |
| First loss  | NIL                  |
| Loss  | NIL                  |
| <b>ii) Exposure to third party securitisations</b>  |                      |
| First loss  | NIL                  |
| Others  | NIL                  |
| <b>b) On-balance sheet exposures</b>  |                      |
| <b>i) Exposure to own securitisations</b>   |                      |
| First loss  | NIL                  |
| Others  | NIL                  |
| <b>ii) Exposure to third party securitisations</b>  |                      |
| First loss  | NIL                  |
| Others  | NIL                  |



## Notes forming part of financial statements

### 28.1 Details of Financial Assets sold to Securitisation Company

(Amount in Rupees)

| Particulars   | March 31, 2015 | March 31, 2014 |
|---|----------------|----------------|
| No. of accounts   | 92,572         | -              |
| Aggregate value of accounts sold to Securitisation Company                            | 836,401,002    | -              |
| Aggregate Consideration   | 817,732,668    | -              |
| Additional consideration realized in respect of accounts transferred in earlier years | -              | -              |
| Quantum of credit enhancement in the form of deposits                                 | 47,378,703     | -              |
| Aggregate gain /( loss) over net book value   | 11,909,768     | -              |

29 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. The details of previously applied useful life are as follows:

| Asset            | Previous depreciation useful life (Years) | Revised useful life (Years) |
|------------------|---|-----------------------------|
| Computer         | 6.00                                      | 3.00                        |
| Furniture        | 15.80                                     | 10.00                       |
| Office Equipment | 21.05                                     | 5.00                        |
| Motor Vehicle    | 10.52                                     | 8.00                        |
| Server           | 6.17                                      | 6.00                        |
| Software         | 6.16                                      | 6.00                        |

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of Rs. 7,110,234/- (net of deferred tax of Rs. 3,661,215/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

Consequent to the change in the useful life of the assets, depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 24,125,869/-

### 30 Corporate Social Responsibility

a) Gross amount required to be spent by the company during the year Rs. 6,040,318/-

b) Amount spent during the year on:

| Particulars                           | In Cash    | Yet to be paid in Cash | Total      |
|---------------------------------------|------------|------------------------|------------|
| Construction/acquisition of any asset | 12,659,621 | -                      | 12,659,621 |
| On purposes other than above          | 2,004,863  | -                      | 2,004,863  |

31 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: June 04, 2015

*Sammit Ghosh*

Samit Ghosh

Managing Director

*Sanjeev Barnwal*

Sanjeev Barnwal

Company Secretary

*Sunil Patel*

Sunil Patel

Director

*Sudha Suresh*

Sudha Suresh

Chief Financial Officer



Rs. in lakhs

|     | Particulars   |                           |                |
|-----|---|---------------------------|----------------|
|     | Liabilities side  | Amount outstanding        | Amount Overdue |
| (1) | <b>Loans and advances availed by the Non Banking finance company inclusive of interest accrued thereon but not paid</b> |                           |                |
|     |   |                           |                |
|     | a) Debentures -Secured  | 29,800                    | NA             |
|     | - Unsecured   | Nil                       | NA             |
|     | (other than falling within the meaning of public deposits)  |                           |                |
|     | b) Deferred Credits   | Nil                       | NA             |
|     | c) Term Loans   | 281,927                   | Nil            |
|     | d) Inter corporate Loans and borrowing  | Nil                       | NA             |
|     | e) Commercial Paper   | Nil                       | NA             |
|     | f) Other loans (specify nature)   | 450                       | NA             |
|     |   |                           |                |
|     |   |                           |                |
|     | <b>Assets Side</b>  |                           |                |
| (2) | <b>Break up of Loans and advances including Bills Receivables (Other than those included in 4 below:)</b>               | <b>Amount outstanding</b> |                |
|     |   |                           |                |
|     |   |                           |                |
|     | a) Secured  | 90                        |                |
|     |   |                           |                |
|     | b) Unsecured  |                           |                |
|     | (i) Long term loans and advances  | 685                       |                |
|     | (ii) Receivable from financing activities   | 321,779                   |                |
|     | (iii) Short term loans and advances   | 2,066                     |                |
|     | (iv) Other current assets   | 4,224                     |                |
|     | (v)Other non current assets   | 1,671                     |                |
|     |   |                           |                |
| (3) | <b>Break up of Leased assets and stock on hire and other assets counting towards AFC activities</b>                     |                           |                |
|     | (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) | <b>Break up of Investments</b>  |                           |                |
|     | <b>Current Investments</b>  | Nil                       | Nil            |
|     | 1. Quoted   |                           |                |



|  | Particulars                  |                    |                |
|--|------------------------------|--------------------|----------------|
|  | Liabilities side             | Amount outstanding | Amount Overdue |
|  | (i) Shares - a Equity        |                    |                |
|  | b Preference                 |                    |                |
|  | (ii) Debentures and bonds    |                    |                |
|  | (iii) Units of mutual funds  |                    |                |
|  | (iv) Government Securities   |                    |                |
|  | (v) Others                   |                    |                |
|  | <b>2. Unquoted</b>           |                    |                |
|  | (i) Shares - a Equity        |                    |                |
|  | b Preference                 |                    |                |
|  | (ii) Debentures and bonds    |                    |                |
|  | (iii) Units of mutual funds  |                    |                |
|  | (iv) Government Securities   |                    |                |
|  | (v) Others                   |                    |                |
|  | <b>Long term investments</b> | Nil                | Nil            |
|  | <b>1. Quoted</b>             |                    |                |
|  | (i) Shares - a Equity        |                    |                |
|  | b Preference                 |                    |                |
|  | (ii) Debentures and bonds    |                    |                |
|  | (iii) Units of mutual funds  |                    |                |
|  | (iv) Government Securities   |                    |                |
|  | (v) Others                   |                    |                |
|  | <b>2. Unquoted</b>           |                    |                |
|  | (i) Shares - a Equity        | 10                 |                |
|  | b Preference                 |                    |                |
|  | (ii) Debentures and bonds    |                    |                |
|  | (iii) Units of mutual funds  |                    |                |
|  | (iv) Government Securities   |                    |                |
|  | (v) Others                   |                    |                |

|     | Particulars  |                          |                |                |
|-----|--|--------------------------|----------------|----------------|
| (5) | <b>Borrower Group wise classification of assets financed as in (2) &amp; (3) above</b> |                          |                |                |
|     | 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  | 89                       | 318,219        | 318,308        |
|     | <b>Total</b>   | <b>89</b>                | <b>318,219</b> | <b>318,308</b> |



(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                             |
|  | <b>Total</b>                   | <b>Nil</b>                                | <b>10</b>                      |

\*\* 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                |  | 235    |
|  | (ii)Net Non performing Assets                |  |        |
|  | a. Related parties                           |  | Nil    |
|  | b. Other than related parties                |  | 60     |
|  | (iii)Assets acquired in satisfaction of debt |  | Nil    |

#### Notes:

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

For and on behalf of the Board of Directors

Samit Ghosh  
Managing Director

Sunil Patel  
Director



Sanjeev Barnwal  
Company Secretary



Sudha Suresh  
Chief Financial Officer



Place: Bangalore  
Date : June 04, 2015

#### 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.**

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CIN - U65999KA2004PTC035329

Empowering women.  
For stronger families,  
for a stronger nation.

**Social Performance Report  
2014 - 15**





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# Letter from the Chairman

I am happy to be able to tell you that Parinaam has had another very successful year in 2014-15. This has been possible because of the generosity of our donors who keep encouraging us on all our projects and the untiring and dedicated efforts of our wonderful employees who don't seem to think that any target is unachievable.



We have continued to focus on the four main projects that we worked on last year but with added gusto, and the performance of our team has been impressive. In **Diksha**, our financial literacy program, we trained 107,000 women, which is nearly 45% of the number we have trained since the inception of this program. Not only was the number trained impressive but we had the satisfaction of being able to certify 84% of those trained against 82% certified previously.



Our **Urban Ultra Poor Program (UUPP)** has also made great strides in 2014-15. We grew to 14 communities by the end of the year and have catered to the needs of nearly 5000 people. The attrition rate from the program after 3 months has dropped from 27% to 11%. I have every hope that it will drop to a low single digit percentage during the present year. The percentage of members employed under UUPP is also quite satisfactory - 75% are employed. The remaining 25% are a

cause of some concern to us, not because jobs are not available but because they do not seem to be motivated to get employed. During a survey that we carried out of the members who attended an 'Employment Mela' that Parinaam had organized during the year, a disturbingly large number said that they had refused jobs offered to them because "they did not feel like working!" We have to find ways of motivating them better.

The **Academic Adoption Program** is in danger of being oversubscribed! The total number of children enrolled in the program, as of March 2015 was 198, out of which 106 were enrolled during the year 2014-15. In addition, another 102 have been enrolled since April 2015. These children are being



educated in 23 different high-quality schools and are being sponsored by 70 generous sponsors. Mere words are not enough to express our gratitude to all of them for the sacrifice they are making to give these underprivileged children new hope and a new life. Mallika and her team

have done a tremendous job in enrolling some of the best schools in Bangalore so that these children can get the best possible education. The job is unending and we have 'Miles to go before we sleep; Miles to go before we sleep!' We need to enrol more schools and more sponsors to keep the program successful.

As part of the **Higher Education Scholarship Program**, we have distributed a total of 165 scholarships, of which 101 were distributed during the year under review, 2014-15.

While I applaud the work done by Mallika and her very dedicated team, none of this would have been possible were it not for the very generous organisations that have supported us financially throughout the year. We are truly indebted to the Citi Foundation; Caspian Impact Investment Advisor; Sequoia Capital; the MetLife Foundation; the HSBC Bank; the Aditya Birla Group; the World Bank; DSP Black Rock; KPMG; Ujjivan Financial Services and many, many other donors.

The recent change in the Companies Act which mandates that 2.0% of the profits of business organisations under a certain category be spent

on Corporate Social Responsibility projects has opened up a great opportunity for Parinaam to harness further financial support, to expand the work that it is doing. We are hopeful of reaching out beyond Bangalore to other parts of the country, keeping in mind that we cannot allow quantity to jeopardise quality. Those that are familiar with Parinaam's work, applaud the quality of our work and our holistic approach. We cannot afford to allow any slippage to occur in this.

We are confident that with your support we will be able to contribute further to bring joy and happiness among the underprivileged in our country.

**Sarosh J. Ghandy**

Chairman, Parinaam Foundation  
May 30<sup>th</sup>, 2015



# Letter from the Executive Director

2014-15 was about scaling the team and preparing a strong foundation for the coming years. At Parinaam, we do not believe in rushing into expanding programs merely for the sake of numbers.

Our programs need to have the same impact for our beneficiaries as when we first rolled them out.



■ We saw immense success as we continued to touch more lives but there were two essential pillars that we created - a passionate and dedicated team and the wonderful people and organizations that came forward with their expertise and generous donations.

Through the year, we had our fair share of challenges. Children from our Academic Adoption Program having to drop out of the excellent schools our team have worked so hard to put them into; mothers of our Urban Ultra Poor Program losing all hope in life and abandoning their children over a fight with their spouses; or an Ujjivan customer in her last stage of cancer coming to us for help that we were not in a position to provide.

Even though we found ourselves resigned to the hard realities of our beneficiaries' situations, there were many more moments that gave us the belief that we had a guardian angel looking over us, someone with great power and strength.

1. On the 2<sup>nd</sup> of April, I had the honour of representing Parinaam and speaking in a select panel chosen by the RBI in a conference on financial inclusion to celebrate RBI's 80<sup>th</sup> Anniversary. The Prime

Minister, Narendra Modi; Union Finance Minister, Arun Jaitley; and the RBI Governor, Raghuram Rajan inaugurated the occasion. It was rewarding to hear the Prime Minister speak about the importance of financial inclusion and know that Parinaam has been striving to do exactly what he dreams of for the nation since we started in 2008.

2. Taking our Diksha Program to the tribal areas of Meghalaya and realizing that we can make a difference to the most remote of regions. Parinaam collaborated with The World Bank and the Government of Meghalaya, to provide our financial literacy program to three tribal communities – Khasi, Jaintia and Garo.



3. Piloting Diksha for children of Ujjivan customers in the North. The program was met with a lot of popularity amongst the staff, customers and their children so we have decided to take it to all the regions. This financial year, the Diksha team hopes to enrol 30,000 children into the program. I look forward to hearing more about the successes of opening their accounts and maybe one day, a child will be able to pay for his/her education on account of a saving habit we inculcated through our program.

4. Expansion of our Education Programs to double the number of children we have placed in our previous years. We were struggling to find students who required our help but now that the word has spread we have an overwhelming number of applications. There is no doubt that our beneficiaries understand education is essential for their family's future and with the rising prices of school fees, mothers are determined to find means of paying them.

5. Bringing back our Healthcare Program with eye camps for Ujjivan customers and understanding how we can expand our Medical Intervention Program to help more families. We continue our search for a good health insurance package that caters to this sector. Till then, we will provide our beneficiaries with quality care, work with hospitals for the best cost, and aid them to access government and health care schemes.

6. The most gratifying of moments was closing down our Urban Ultra Poor Program operations in our first four communities. The day began with an apprehensive expectation that the community would be upset at our departure but instead we

were met with a community that was self-sufficient and confident through stable livelihoods, ID cards and savings books and were ready to leave Parinaam's nest and fly on their own.

In 2015-16 we plan to continue to expand the programs that have shown us great impact. We would like to go back to innovating and creating initiatives that support our families. The tide is turning in the microfinance industry and with Ujjivan introducing new financial products and enabling their customers to transact via technology there is a need to educate our families so they are not left behind.

We are grateful to all our sponsors and well-wishers for the support and faith they have shown in Parinaam. Last year, we were happy to welcome several new corporates and individuals to our growing family. Sustainability and funding are key issues faced by most non-profit organizations. Parinaam works with the intention of providing the best quality benefits at a minimal cost. To successfully continue our programs, we need support from donors, sponsors, our volunteers and our friends. We appreciate donations of all types – money, time, some product/service that will benefit our families. We are confident that this year will bring us the sponsorships and donations that will enable us to innovate and expand new programs across India.

**Mallika Ghosh**

Executive Director

May 30<sup>th</sup>, 2015





# Our Vision and Goals

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## Vision

Parinaam will convert stumbling blocks into stepping stones on a pathway of 'change' that will have multiple impact on the poor, and lead to a 'better life' for themselves and their future generations.

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## Goals

Create positive 'change' in the lives of the urban and semi-urban poor.

Programs must meet our benchmark of 'Quality & Beneficiary Satisfaction'.

Execute programs with high efficiency and minimized costs through partnerships with NGOs; like-minded organizations and government programs.

Provide multi-dimensional support for the entire family and not just for the woman.

Research and develop innovative solutions to problems of the urban poor.

---

# Board of Directors



**Sarosh J. Ghandy, Chairman**

Sarosh Ghandy is a graduate (1958) in Metallurgical Engineering from the Carnegie Institute of Technology, Pittsburgh, USA. He joined Tata Engineering and Locomotive Co. Ltd. (now Tata Motors Ltd.) as an Asst. Metallurgist and, over a period of 14 years, rose to become the General Manager of the Jamshedpur Works of Telco. He served on the Telco Board as Executive Director from 1973 to 1999. He resigned from the Telco Board to take up the Managing Directorship of a subsidiary of Telco, TELCON till his retirement in 2002.

Mr. Ghandy has dedicated his life to supporting Social and Educational Services at the highest level and was the Chairman of eight related organisations. Additionally he is on the board of ten business organisations.



**Mallika Ghosh, Chief Executive Officer & Executive Director**

Mallika Ghosh is the Executive Director of Parinaam Foundation. She is personally involved in all its activities and provides the day-to-day support that the Foundation needs. She has been instrumental in building Parinaam's programs and creating the strategic vision under which it operates today.

Prior to joining Parinaam, she spent seven years in advertising. Her last job was as Head of Film Division, South India for McCann Erickson. She graduated from Emerson College, USA, with a Bachelor's Degree in Film, Journalism and Photography in 2003.



**Ittira Davis, Director**

Ittira is a graduate of the Indian Institute of Management, Ahmedabad (1976) and a global corporate and institutional banker for 36 years. He has worked with Citibank in India, Arab Bank plc in the Middle East and Europe Arab Bank plc in Europe. After returning to India in November 2012, he has been based in Bangalore, assisting not-for-profit organisations. From March 2015, he has been part of Ujjivan Financial Services Private Limited as Head - Transition.



**Maneesha Chadha, Director**

Maneesha Chadha is part of J.P. Morgan's Global Philanthropy team and heads its India grants and CSR programs. Working closely with JPMorgan Chase Foundation, she is responsible for driving the firm's philanthropy and employee engagement strategy across the country.

Prior to this she was at Citi, where she was responsible for the company's social responsibility activities and the Citi Foundation grant management in the country. She has also held similar positions with RBS Foundation India and ABN AMRO Foundation India. Maneesha started her career 15 years ago in the financial inclusion space and has been a microfinance relationship banker, credit rater and trainer at international organizations. She is also very involved in the industry, serving as a director on the boards of two non-profit organizations - Railway Children India and Parinaam Foundation.



**Raghavendra Singh, Director**

Raghavendra is a professional with over 20 years of experience in the finance, development and automotive sectors. He was previously a Director with Ujjivan Financial Services, during which time he began his association with its not-for-profit arm, Parinaam Foundation. He co-authored Parinaam's Academic Adoption Program and is passionate about making a meaningful difference in the lives of poor families by making quality education available to bright young children, thereby enabling them to comprehensively overcome the generational poverty divide.

Raghavendra is currently a Partner at Widescreen Ventures, New Delhi, which manufactures and sells products under the Orange™ brand in the automotive and communications accessories sectors.



**Lt. Gen (Retd) Arjun Ray,  
PVSM, VSM, Director**

General Ray served the army for 38 years and his career spanned two wars, two insurgencies and a socio-political campaign to win over alienated communities in Ladakh. As a Corps Commander, he redefined the role of the Armed Forces from winning wars to preventing wars. He has authored Kashmir Diary: The Psychology of Militancy, considered a purple primer to understand the mind of a terrorist. His second book, Peace is Everybody's Business, was published last year. For distinguished service and contribution to nation-building he was awarded the Param Vishist Seva Medal, and was India's nomination for the Commonwealth Award in 2002 for women's empowerment.

He is presently the CEO of the Indus Group of Schools in Bangalore, Pune and Hyderabad.

# Highlights of the Year

106,936

Women trained under the  
**Diksha initiative**

36,766

Bank accounts opened  
under **Diksha** initiative

2,690

Total Members enrolled under  
**Urban Ultra Poor Program**



456

ID and address proof obtained  
under **Urban Ultra Poor Program**

106

Students enrolled under the  
**Academic Adoption Program**

101

Students awarded  
**Higher Education Scholarships**

3,006

Successful cases of  
**Healthcare Intervention**



# Diksha - The Financial Literacy Program

India's best chance at curbing poverty, is giving our women the skills to manage their money better.

With Diksha, Parinaam hopes to make every underprivileged woman financially literate.

The program has been designed to give low income families across India the knowledge and tools they need to save safely, reduce financial risk and make informed, intelligent financial decisions.

By providing an inclusive financial training, supplemented with financial products, we aim to empower these women and their families.

Since its inception in August 2012, the Diksha Program has been implemented in 18 states across India for over 240,000 Ujjivan Financial Services customers and has enabled the opening of more than 81,000 new bank accounts. It is now a model that can impart financial literacy to a much larger audience to support the government's efforts towards financial inclusion.

Diksha has received recognition from the Reserve Bank of India, which also uses Diksha's content for their financial literacy program for banks. On April 2, 2015, at NCPA Mumbai, Mallika Ghosh, Executive Director of Parinaam Foundation spoke in a select panel chosen by the RBI in a conference on financial inclusion to celebrate RBI's 80<sup>th</sup> Anniversary. The Prime Minister of India, Narendra Modi, the Union Finance Minister, Arun Jaitley and the RBI Governor, Raghuram Rajan inaugurated the occasion.

In 2014-15, we took Diksha to Meghalaya and worked with the Government of Meghalaya and World Bank to spread financial literacy in three tribal areas in the region. We also piloted the

program with garment factory workers of Aditya Birla's Madura Garments.



| Diksha   | 2014 - 15 | Since inception |
|--|-----------|-----------------|
| Total no. of participants enrolled in Diksha         | 106,936   | 244,310         |
| % of participants certified through Diksha           | 84%       | 82%             |
| Savings accounts opened through Diksha               | 36,766    | 81,923          |
| % of cashless loans availed by Diksha graduates      | 62%       | 62%             |
| Diksha participants availed Ujjivan Individual Loans | 7,517     | 10,051          |

### Sangeeta Devi

Sangeeta Devi, aged 31, lives in a small city in Uttarakhand, North India. She takes tuition classes and her husband is a private school teacher. Their combined monthly income is Rs. 12,000 (\$188). Before joining Diksha



she did not understand the importance of saving. The money that she and her husband earned was spent entirely on daily expenses.

After Diksha, Sangeeta started setting aside a portion of her earnings in a savings box that was given to her as part of the training. Fearing that the money would be frittered away if her family knew about it, she kept the box a secret. This was fortunate indeed because during her pregnancy she suffered severe pain and was rushed to a government hospital. They in turn referred her to a private hospital, citing lack of doctors.

Private care was a staggering Rs. 15,000 and her husband and father-in-law were only able to arrange for Rs. 2,000. It was then that Sangeeta told her husband about her savings. And he was shocked to find Rs. 20,000 waiting for him. With relief, he settled the bill at the hospital and Sangeeta was able to return home, healthy as ever, with a new addition to the family.



# Parinaam's Urban Ultra Poor Program

Parinaam's Urban Ultra Poor Program (UUPP) is a holistic, multifaceted program focused on helping ultra-poor households attain financial stability by providing them with access to various facilities in the urban space. The program encompasses five separate interventions:

Livelihood Support

Childcare and Education

Healthcare

Social Support

Financial Services

With livelihood at its core, UUPP's aim is to tackle generational and familial poverty by providing ultra-poor households with a source of income, ranging from housekeeping jobs to starting a business.

In the last financial year, our focus was on expanding the program and building the team. We started our operations in 6 new communities, bringing us to a total of 14 communities since inception, covering 5000 beneficiaries. In FY 2014-15 alone, we enrolled close to 700 primary beneficiaries and a total of 2700 members, which is over double the enrolment in any financial year!

We renewed our ties with the Unique Identification Authority of India (UIDAI) and conducted several Aadhaar Camps for our beneficiaries, obtaining 286 Aadhaar Cards. We conducted 4 multi-specialty health camps for 5 communities and successfully conducted over 2700 healthcare interventions for our beneficiaries and their family members. We have helped our beneficiaries and their spouses open 231 bank accounts, facilitating financial inclusion of the urban poor.

We designed a potential impact evaluation study for UUPP and presented it at Urban Services Initiative Matching Conference in partnership with a world renowned economist – Professor. Esther Dufflo.

We are very grateful to our generous sponsors – HSBC and Mr. Ravindra Bahl – for enabling the team to ensure successful implementation of the program in the field.

Our plan for FY 2015-16 is to enrol 1000 primary beneficiaries across 20 communities. We plan to integrate technology into the program and use tablets in the field to capture data, which will be linked to back-end software. We will also conduct regular audits for the program and pilot an impact evaluation study. With a dynamic and motivated team, we hope to impact many more lives and make ultra poor families independent and self-sufficient.

| Annual Report  | 2014-15 | Overall |
|--|---------|---------|
| Total UUPP communities   | 12      | 14      |
| Total primary beneficiaries  | 637     | 1,158   |
| Total members under UUPP   | 2,690   | 4,968   |
| Attrition % (dropped after being in our program for >3 months)         | 11%     | 27%     |
| Employment rate among active and graduated beneficiaries               | 75%     | 76%     |
| Children enrolled in tuition center                                    | 271     | 684     |
| Healthcare intervention conducted for beneficiaries and their families | 2,744   | 3,653   |
| ID, age and address proofs attained                                    | 456     | 1,169   |
| Bank accounts opened   | 231     | 504     |
| Beneficiaries graduated  | 170     | 423     |
| % of graduated beneficiaries opted for MFI                             | 48%     | 55%     |
| Children under AAP   | 106     | 198     |

### Lakshmi

Lakshmi, one of Parinaam's UUPP beneficiaries, attended a Health Camp organized by Parinaam and discovered that she had an abscess and ulcer in her left breast – the reason she was unable to feed her one-month old baby.

Parinaam swiftly ensured that she was taken to a gynecologist for medication and potentially, surgery. Lakshmi was hesitant at first, wanting to return to her hometown for the procedure. But after learning that a woman with a similar problem spent Rs. 12,000 in her hometown, the potential cost was a deterrent. Instead, she requested Parinaam's help with the treatment.

This proved to be a fortunate decision, for no surgery was eventually required – the medication alone proved sufficient, at a cost of less than Rs. 500! Now, Parinaam is happy to report that both she and her baby are perfectly healthy.



### Mumtaj

Mumtaj moved to Bangalore with her husband in search of a better life. But the move also meant giving up her tailoring business to work as domestic help, because she could not afford a sewing machine. Once Parinaam learned of her plight, we purchased a sewing machine for her, so that she could resume her business.

By restarting her business and continuing as domestic help, Mumtaj has more than doubled her monthly income. And, through Parinaam's intervention, the better life that she came looking for might finally be within reach.



# Parinaam's Education Programs

Underprivileged children give up their dreams often because they think that something is wrong with them. And they believe it is their destiny to never be more.

But the only real difference, is that resources are scarce. Which means, no education or very little of it.

For such children, Parinaam offers the Education Program and ensures that no child ever feels like they aren't good enough, through interventions covering academic adoption for schooling and scholarships for higher education.

## Academic Adoption

Parinaam launched the Academic Adoption Program for the children of ultra-poor families in the year 2011. Through this program, sponsors can make yearly donations to cover the expenses of a child's education. Donors are matched with a student and receive the child's profile, an end-of-year progress report and a personalized thank you card. Through this, Parinaam is able to build strong sponsor-child communication. The sponsor has the opportunity to become a mentor and friend to his or her sponsored child by writing letters, sending occasional gifts and taking them out.

We started with only 17 children. Parents were sceptical about whether their children's education was worth investing in – since education has become a mammoth expense, which many are struggling to meet. However when the people residing in the slums witnessed positive results for the families that took the bold step to send their children to private schools, they were motivated to do the same.

Typically Parinaam's beneficiaries are the poorest within the slum communities, so when they exhibit tangible improvements, this propels the other (better off) members of the community to do the same, if not more, so as not to get left behind. So the program also acts as a catalyst, indirectly impacting multiple households.

The effect the children had on their communities has enabled us to support 198 children. Of which, 106 children were enrolled in the year 2014-15.

Last year we saw a number of individual donors approach us to learn more about the program. We were fortunate to have two corporates sponsors as well – Caspian and Sequoia Capital support 53 children.

The difference we make to the children and families is evident through the program. And, with that in mind, we would love to expand our Academic Adoption Program. We will also be introducing health care benefits for our Academic Adoption Program children, which will include quarterly health check-ups and health insurance for children.

The major change in FY 2015-16 will be focus on restructuring fundraising for the program, to enable us to reach more children and sponsors. The different avenues that Parinaam will be capitalizing on include: Crowd funding, partnering with Education Foundations, retail and restaurants, online marketing and introducing a payroll plan where corporates can give their employees the opportunity to invest in a child's education.

|   | 2014-15 | Overall    |
|---|---------|------------|
| No. of children enrolled                        | 106     | 198        |
| No. of children sponsored                       | 70      | 166        |
| No. of children not yet sponsored               | 30      | 30         |
| Total no. of sponsors                           | 40      | 70         |
| No. of schools                                  | 16      | 16         |
| <b>No. of children enrolled for FY 2015 -16</b> |         | <b>102</b> |

### Afreen and Sariya

Edgah Mohalla was one of the most challenging communities for our Education Program. Our beneficiaries have never experienced the benefits of formal education and did not believe it a necessity for their children, especially the girls.

Afreen and Sariya were enrolled in school after much effort from Parinaam, but were immediately removed after their parents had a minor quarrel. Determined that the children should not experience the fallout of the dispute, Parinaam counselled and mentored both parents – helping them understand that education was the only way forward for their children.

Parinaam's intervention saw the children return to school through the Academic Adoption Program. Now, understanding the value of education, they want to be teachers when they grow up.



### Durgesh

Durgesh's parents migrated to Bangalore 3 years ago with their two sons, in search of better livelihood opportunities. The community they have settled in is highly volatile in terms of livelihood and stability. Because of this, residents are reluctant to send their children to good schools.

Parinaam encouraged Durgesh's parents to send their two boys to a good English medium school. This proved fortunate in more ways than one – the teachers quickly realised that Durgesh and his brother were having problems with their eyesight.

Parinaam referred them to Sankara Eye Hospital where it was discovered that Durgesh suffered from severe damage to his retina. Both brothers are under treatment and continue to go to school enthusiastically. Their parents are proud of what their boys are achieving and are hopeful that both will have better opportunities in the future.



## Higher Education Scholarship Program

Parinaam's Financial Literacy Program, Diksha, brought to light that women want to save and understand its significance, their main aspiration being educating their children.

Despite lacking the means to consistently eat full meals, consume clean drinking water or use a toilet, India's poor prioritize their children's education. They often take high-interest loans from the money lender to send their children to private schools, as they view government schools as insufficient. They perceive education as both the means and the end to a better life.

Over the years, Parinaam recognized that a lot of beneficiaries children, who were academically brilliant, were forced to either drop out or take high interest loans from moneylenders and burden their families financially.

Parinaam's Higher Education Scholarship Program was created to fill the gap for very poor children who wanted to pursue their higher education.

In the past, Parinaam had provided scholarships to these deserving candidates through individual donations, but soon realized that it was not a sustainable approach.

With the support of Citi Foundation, we piloted 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.

Parinaam incentivized 101 mothers, who adhered to their savings plan and demonstrated positive financial behaviour, with a scholarship amount to help their children pursue higher education. This program has had a ripple affect amongst our beneficiaries and we had an overwhelming 694 applicants, with more mothers than ever before starting to save for their children's education during the last financial year.

|   | North | West | East | South | Total |
|---|-------|------|------|-------|-------|
| <b>Scholarships Disbursed (2014-15)</b> | 17    | 19   | 15   | 50    | 101   |
| <b>Scholarships Disbursed (2010-14)</b> | Nil   | 7    | 3    | 54    | 64    |

## Helping India's Kajals

Last year, an aspiring student wrote to the Board of Ujjivan requesting a scholarship.

Parinaam's enquiries revealed that the girl's father had passed away, her mother remarried and Kajal was shunned by her step-father. Kajal's maternal relatives took on the responsibility of caring for her but were unable to fund her dreams of pursuing higher education.

Of the two maternal uncles, one was handicapped and dependent on his brother for financial support. And there were three others dependents in his care! Kajal heard from her tuition teacher that Parinaam and Ujjivan supported children's education and wrote the Board a beautiful letter requesting aid.

Parinaam is adamant to continue the Higher Education Scholarship Program and we will be looking at supporting children beyond Ujjivan's customer base. We are committed to scaling this program and helping as many of India's Kajals as we can.



## Uplifting Sex Workers and their Children

Elaine Marie Ghosh, late founder of Parinaam was always passionate about uplifting sex workers and their children. She saw the socio-economic problems that were attached to the stigma of being a sex worker's child, and recognised the lack of societal support and opportunities available to them. In this regard Parinaam wanted to start a full-fledged educational support system for the children of sex workers in collaboration with institutes that are already working in this field. Two such institutes with which we have collaborations are:

- Durbar Mahila Samanwaya Committee (an NGO working to build a world where all marginalized communities live in an environment of respect, rights and dignity and representing over 65000 sex-workers at Kolkata)
- Swasti (Empowering people and communities, particularly poor and marginalized, to make the right choices to lead healthy lives; through innovation, knowledge, technical support and policy shaping)

## Rahul Vidyaniketan, Baruipur, Kolkata

After visiting Rahul Vidyaniketan (a residential set up for children aged 6 – 16 years at Baruipur, Kolkata, West Bengal) we found that basic amenities were in need of an upgrade - like cots and beds, cupboards, computers, furniture and the football ground.

Immediately after this visit Parinaam in collaboration with Ujjivan provided the children with 4 computers, 1 printer, 30 new cots, beds, pillows and 15 steel almirahs. The children were over joyed with these amenities. Most of them have learnt to use the computers and work with it during their leisure time. We intend to help them develop their football ground and also plan to provide them with a refrigerator in future.



We have already initiated the process of integrating the Higher Education Scholarship Program and Academic Adoption Program among the beneficiaries of Swasti (Swati Jyothi is a union of sex workers in Bangalore) and will be processing the application in 2015-16. Swasti has also started identifying beneficiaries to concise and pilot Diksha Financial Literacy program among sex workers.

In 2015-16, we will be expanding the Scholarship Program and the Academic Adoption/Grant program for sex workers children in other communities in India and ensuring that these children are not deprived of their right to education.



# Healthcare Program

The rising costs of healthcare have resulted in the underprivileged putting off medical care until an emergency arises. Through our healthcare programs, Parinaam aims to provide beneficiaries with quality healthcare at affordable costs. To this end, we run the Medical Intervention Program and regularly conduct Health Camps.

## Medical Intervention

When a person with a potential health concern is referred to us, we collaborate with healthcare providers, government and non-governmental organizations and help our beneficiaries make use of these facilities to address their healthcare needs. Our goal is to identify the best secondary and tertiary treatment facilities and make them available to our beneficiaries at discounted rates.



In FY 2014-15, 78 patients were referred. They were suffering from heart problems, ENT, hernia, uterus problems, cancer, orthopedic problems, dislocation, accident, ulcer, kidney problems, oral problems or paralysis. We were able to help 22 patients secure either free or discounted treatment.



| Treatments   | Patients Helped |
|--|-----------------|
| Angioplasty  | 2               |
| Artificial Hand                                      | 1               |
| Chemotherapy   | 6               |
| Debridement and Biopsy                               | 1               |
| Dialysis/ Kidney stone                               | 2               |
| Exploratory Laparotomy Pouch Excision, End Ileostomy | 2               |
| Hernia Surgery                                       | 1               |
| Medication   | 1               |
| Open Heart Surgery                                   | 3               |
| Splinters  | 1               |
| Tympanoplasty  | 2               |
| Uterus Removal                                       | 1               |

## Kamrunnisa

Kamrunnisa, aged 51 years, was diagnosed with a hole in the heart. Although she needed open heart surgery, the high cost of Rs. 150,000 meant she would never be able to afford it. Both Kamrunnisa and her husband earn Rs. 14,000 a month, and they had spent Rs. 80,000 in treatments already.

Desperately needing help, she approached Ujjivan



for financial support and Ujjivan referred her to Parinaam. Parinaam contacted Sapthagiri Hospital and learned that Kamrunnisa could get her treatment free of cost under the Vajpayee Arogya Scheme.

Kamrunnisa was overjoyed when she received the news. Now, the surgery has been completed and Kamrunnisa is with her family, healthier and happier than ever.

## Dhruva

Dhruva, a 5-year old boy, was diagnosed with a hole in the heart. His mother is a tailor; his father, a taxi driver.



Together, his parents earn Rs. 10,000 a month and simply could not afford the Rs. 2 lakh surgery their son desperately needed.

But Dhruva's mother was enrolled in Parinaam's Diksha program. She told the trainer of her son's condition and Parinaam swiftly intervened, referring Dhruva's family to Right to Live - India's first crowd donation platform. With Right to Live's assistance, Dhruva's surgery was conducted free of cost! His parents can scarcely believe that, despite their financial constraints, they can look forward to their son living a long, healthy, happy life!



## Health Camps

While Medical Intervention is a reactive program, our Health Camps are proactive. Referrals cannot always bring those needing healthcare to Parinaam in time, so we also conduct Health Camps for our beneficiaries. During the camps, we identify potential health concerns and ensure that quality treatment is recommended swiftly to avoid complications in the future.

In FY 2014-15, after noticing an increasing need to identify health concerns early, we approached Health Camps with renewed vigour. We also placed special emphasis on ensuring that after the Health Camp was completed, beneficiaries were meticulous in completing follow-up treatment.

We organized 9 Healthcare Camps across Bangalore, covering 1602 beneficiaries.

Eye camp follow-ups were good - 78% patients referred for spectacles got them at the lowest possible price from our network hospitals; 17 cataract surgeries and 242 follow-up treatments were availed.

In the next financial year, we plan to increase the number of camps and their spread across regions.

| Health camp activities                      | 2014 - 15 | Since Inception |
|---|-----------|-----------------|
| Total Health camps conducted by Parinaam    | 9         | 171             |
| Beneficiaries screened through Health camps | 1,603     | 55,142          |
| Cataract Surgeries Done                     | 17        | 660             |
| Spectacles issued                           | 171       | 6,278           |
| Camp Referral Treatments                    | 242       | 1,580           |





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**

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