

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

S. Sundaresan

S. Sundaresan
Partner
(Membership No. 25776)

BANGALORE, May 16, 2014

ANNEXURE TO THE AUDITORS' REPORT

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

1. Having regard to the nature of the Company's business / activities / result during the year clauses ii, v, vi, viii, xii, xiii, xiv, and xx of paragraph 4 of the Order are not applicable to the company.
2. In respect of its fixed assets,
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. Fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, the company is still in the process of reconciling the physical assets with book records.
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern of the Company.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services and we have not observed any failure to correct major weakness in such internal control system. There was no purchase of inventory and sale of goods during the year.
5. In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
6. According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities during the year *except for delays in remittance of Provident Fund and Professional Tax during certain months.*
 - b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.

- c. There are no dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes.
7. The Company does not have accumulated losses at the end of the financial year and has not incurred cash loss during the financial year and the immediately preceding financial year.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
9. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks and financial institutions.
10. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
11. In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report funds raised on short term basis have, prima facie not been used during the year for long term investment.
12. The Company has not made any preferential allotment of equity shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
13. According to the information and explanations given to us, during the year covered by our audit report, the Company had issued 40 debentures of Rs.1 Crore each and 500 debentures of Rs.10 lakhs each. The Company has created security in respect of the debentures issued.
14. According to the information and explanations given to us, the management has identified fraud relating to misappropriation of funds by certain employees which is estimated at Rs.442,023/- of which Rs.358,072/- has been recovered as on the balance sheet date and no fraud by the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

S. Sundaresan

S. Sundaresan
Partner
(Membership No. 25776)

BANGALORE, May 16 , 2014

UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2014

(Amount in Rupees)

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

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

S. Sundaresan

S Sundaresan
Partner

Place: Bangalore
Date: May 16, 2014

For and on behalf of the Board of Directors

Samit Ghosh

Samit Ghosh
Managing Director

Suhasini Ashok
Suhasini Ashok
Company Secretary

Place: Bangalore
Date: May 16, 2014

Sunil Patel

Sunil Patel
Director

Sudha Suresh
Sudha Suresh
Chief Financial Officer



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(Amount in Rupees)

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

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

S. Sundaresan

S Sundaresan
Partner

Place: Bangalore
Date: May 16, 2014



For and on behalf of the Board of Directors

Samit Ghosh

Samit Ghosh
Managing Director

Sunil Patel

Sunil Patel
Director

Suhasini Ashok
Suhasini Ashok
Company Secretary

Sudha Suresh
Sudha Suresh
Chief Financial Officer

Place: Bangalore
Date: May 16, 2014



UJJIVAN FINANCIAL SERVICES PRIVATE LIMITED		
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014		
(Amount in Rupees)		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Net Profit as per Statement of Profit & Loss	838,408,150	491,537,555
Adjustments for		
Depreciation and amortisation expenses	31,467,170	25,216,963
Profit on Sale of investment	(29,504,843)	(11,396,577)
Dividend on Mutual Funds	-	(11,938,976)
Bad debts written off	(8,921,787)	(66,843,758)
Provision for Receivables under Financing Activities	81,379,233	63,293,869
Provision for advances	2,448,312	2,113,445
Advances written off	152,820	-
Fixed assets written off	52,203	1,415,821
Interest on fixed deposits	(34,458,567)	(32,182,502)
Loss / (Profit) on sale of Fixed Assets	4,871,664	459,363
Operating Profit before Working capital changes	885,894,355	461,675,203
Changes in working capital:		
(Increase) / Decrease in Receivables under Financing Activity	(4,402,182,586)	(2,562,385,247)
(Increase) / Decrease in Loans and advances	(64,947,449)	(44,548,802)
(Increase) / Decrease in Other Current assets	(546,789,144)	(1,811,725,670)
(Increase) / Decrease in Trade payables	2,600,429	7,070,197
Increase / (Decrease) in Other current liabilities	43,954,098	(8,880,630)
Increase / (Decrease) in Short-term provisions	68,077,272	(5,316,067)
(Increase) / Decrease in Long-term provisions	(61,101,600)	14,205,594
Cash flow from operations	(4,074,494,625)	(3,949,905,422)
Tax paid	(313,696,349)	(144,721,529)
Net Cash from operating activities (A)	(4,388,190,974)	(4,094,626,951)
Cash flows from Investing activities		
Investments in shares	(10,000)	-
Purchase of investments	(7,874,609,992)	(7,542,572,172)
Sale of investments	7,904,114,835	7,565,907,724
Purchase of Fixed Assets	(53,193,429)	(28,518,480)
Sale of Fixed Assets	940,279	874,824
Interest on fixed deposits	34,458,567	32,182,502
Net Cash from investing activities (B)	11,700,260	27,874,398
Cash flows from financing activities		
Proceeds from issue of share capital & securities premium (net)	-	466,701,957
Dividend and Dividend Tax Paid	(19,239,665)	-
Borrowings from banks / others	13,601,774,170	7,160,017,276
Repayment of Borrowings from banks / others	(7,076,766,093)	(3,357,831,634)
Net Cash from financing activities (C)	6,505,768,412	4,268,887,599
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	2,129,277,698	202,135,046
Balance of cash - Opening	1,732,759,927	1,530,624,881
Balance of cash - Closing	3,862,037,625	1,732,759,927

Notes :

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

For Deloitte Haskins & Sells
Chartered Accountants

S. Sundaresan

S Sundaresan
Partner

Place: Bangalore
Date: May 16, 2014



For and on behalf of the Board of Directors

Samit Ghosh

Samit Ghosh
Managing Director

Suhasini Ashok
Company Secretary

Place: Bangalore
Date: May 16, 2014

Sunil Patel

Sunil Patel
Director

Sudha Suresh
Chief Financial Officer



1 CORPORATE INFORMATION

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The Financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). To comply with accounting standard notified under section 211 (3C) of the companies Act, 1956 ("The 1956 Act") (which continue to be applicable in respect of section 133 of companies Act, 2013 ("The 2013 Act") in terms of general circular 15/2013 dated September 13, 2013 of the ministry of corporate affairs and the relevant provisions of 1956 Act/2013 Act, as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The financial statements have been prepared on an accrual basis under the historical cost convention and considering the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the Company.

2. Use of estimates

The presentation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the year. The management believes that the estimate used in preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/material.

3. Cash flow statement

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

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

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

4. Tangible and Intangible assets

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

5. Depreciation and amortization

Depreciation on Tangible assets is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956. Leasehold improvements are depreciated over the primary lease period, computer software is amortized over the lower of license period or 6 years. The estimated useful life of intangible assets and the amortization period are recognised at the end of each financial year and the amortization method is revised to reflect the changed pattern.

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

6. Investments

Investments are classified into current investments and long term investments. Current investments are carried at lower of cost or fair value. Long term investments are carried at cost less provision made to recognize any decline, other than temporary, in the value of such investments.



7. Receivables under Financing Activity

Receivables under financing activity include Business Loans, Family Loans, Housing Loans, Education loan, Live stock Loans, Bazaar Loans, Short term Business Loans, Individual Business Loans, Home Improvement Loan and Business Growth Loan. Loans are classified into 'Performing and Non-Performing' assets in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 and NBFC, MFI directions (as applicable) issued by the Reserve Bank of India as amended from time to time.

8. Revenue Recognition

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

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

Revenue from interest income on fixed deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

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

9. Grants

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

10. Employee benefits

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

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

b) Defined Contribution Plan

Company's contributions paid / payable during the year to Provident Fund, Pension fund and employee state insurance scheme are recognized in the Statement of Profit and Loss based on amount of contribution required to be made and when services are rendered by the employees.

c) Defined Benefit Plan

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

d) Long term employee benefits

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

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

Actuarial gains and losses are recognized immediately in the statement of Profit and Loss as income or expense in the period in which they occur. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds.

11. Lease

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

Assets leased by the company in its capacity as a lessee, which substantially all the risk and rewards of ownership vest in the company are classified as finance leases. Lease arrangements where risk and rewards incidental to ownership of an assets substantially 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 share are determined independently for the each period presented.

13. Borrowing costs

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

14. Taxes

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

Current tax is determined as the amount of tax payable in respect of taxable income for the year determined in accordance with income tax 1961. Deferred tax is recognized, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised for timing differences of terms other than unabsorbed depreciations and carried forward loss only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which this can be realised. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets and liabilities are offset if such claims related to tax on income levied by the same governing tax laws and the company as legally enforceable rights for such setoff. Deferred tax assets are revised at each balance sheet date for their reasonability. Deferred tax assets on unabsorbed depreciation and carried forward business losses, are recognized only if there is virtual certainty that they will be realized and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantially enacted tax rates.

15. Provisions and Contingent Liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

16. Employee Stock Option Plan

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

17. Operating Cycle

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



Note 3 - Share Capital

(Amount in Rupees)

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

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

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

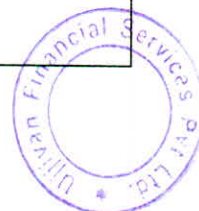
ii) Reconciliation of equity share capital outstanding at the beginning and at the end of the Year:

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

iii) Number of shares held by each shareholder holding more than 5% shares in the Company are as follows:

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

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



Ujjivan Financial Services Private Limited
Notes forming part of financial statements

Note 4 - Reserves & Surplus

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

* Transfer of 20% of the profit after Tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934.



Ujjivan Financial Services Private Limited
Notes forming part of financial statements

Note 5 - Long-term Borrowings

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Non Convertible Debentures		
Secured		
230 debentures, 12.86% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 3 years from the date of allotment June 27, 2011 (Refer Note (i) below and Note 9 (i) (a))	-	230,000,000
40 (PY. Nil) 12.75% Secured Redeemable Non Convertible Debentures of Rs.10,000,000/- each redeemable at par at the end of 3 years from the date of allotment July 31, 2013 (Refer Note (i) below)	400,000,000	-
330 (PY. Nil) 12.75% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 2 years from the date of allotment August 30, 2013 (Refer Note (i) below)	330,000,000	-
	730,000,000	230,000,000
(b) Term loans		
Secured		
from Banks (Refer Note (ii) below)	4,294,939,597	3,159,734,040
from other parties (Refer Note (ii) below)	591,531,680	445,023,060
	4,886,471,277	3,604,757,100
Unsecured		
from other parties (Refer Note (ii) below)	35,000,000	-
	35,000,000	-
	4,921,471,277	3,604,757,100
Total	5,651,471,277	3,834,757,100

i) Debentures are secured by hypothecation of book debts.



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

Secured			Amount Outstanding (Rs.) March 31, 2014	
Terms of Repayment and Interest			Current	Non Current
Rate of Interest	Maturity	Instalments		
Repayable in Monthly Instalments				
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
Base Rate + 2%	< 1 Year	11	149,456,522	
	2 Year	12		163,043,478
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	
Repayable in Quarterly Instalments				
Base Rate + 1.25%	< 1 Year	4	100,000,000	
Base Rate + 1.60%	< 1 Year	3	235,714,286	
Base Rate + 1.75%	< 1 Year	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
Repayable in Bullet				
Base Rate + 1.75%	< 1 Year	1	300,000,000	
Base Rate + 2.5%	< 1 Year	1	250,000,000	
Total			9,514,957,030	4,294,939,597



Ujivan Financial Services Private Limited
Notes forming part of financial statements

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

Terms of Repayment and Interest			Amount Outstanding (Rs.) March 31, 2014	
Rate of Interest	Maturity	Instalments	Current	Non Current
Borrowings from Others				
Repayable in Monthly Instalments				
Coupon Rate	< 1 Year	60	913,931,380	
	2 Year	32		477,138,120
	3 Year	8		114,393,560
Total			913,931,380	591,531,680
Unsecured				
Borrowings from Others				
Repayable in Monthly Instalments				
Coupon Rate	2 Year	6		35,000,000
Total			-	35,000,000
NCD				
Repayable in Bullet				
Coupon Rate	< 1 Year	2	400,000,000	
	2 Year	1		330,000,000
	3 Year	1		400,000,000
Total			400,000,000	730,000,000



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

Secured

Terms of Repayment and Interest			Amount Outstanding (Rs.) March 31, 2013	
Rate of Interest	Maturity	Instalments	Current	Non Current
Borrowings From Banks				
Repayable in Monthly Instalments				
Base Rate + 1.25%	< 1 Year	12	50,000,000	
	1-2 Years	12		50,000,000
Base Rate + 1.50%	< 1 Year	24	260,869,565	
	1-2 Years	15		163,043,478
Base Rate + 1.55%	< 1 Year	10	62,500,000	
	1-2 Years	12		75,000,000
	2-3 Years	2		12,500,000
Base Rate + 1.75%	< 1 Year	27	214,285,714	
	1-2 Years	36		285,714,286
Base Rate + 2.25%	< 1 Year	29	427,972,527	
	1-2 Years	36		559,523,810
	2-3 Years	17		129,166,667
Base Rate + 2.30%	< 1 Year	11	91,663,000	
	1-2 Years	12		99,996,000
	2-3 Years	1		8,341,000
Base Rate+2.35%	< 1 Year	11	82,500,000	
Base Rate+2.50%	< 1 Year	12	100,000,000	
	1-2 Years	8		66,666,667
Base Rate+3.10%	< 1 Year	24	243,381,682	
	1-2 Years	17		187,343,974
Base Rate + 3.25%	< 1 Year	32	272,116,000	
	1-2 Years	11		77,767,000
Base Rate + 3.50%	< 1 Year	4	22,845,000	
Base Rate + 4.75%	< 1 Year	12	120,000,000	
	1-2 Years	5		50,000,000
Base Rate+4.00%	< 1 Year	2	14,283,185	
Repayable in Quarterly Instalments				
Base Rate + 0.75%	< 1 Year	4	100,000,000	
	1-2 Years	4		100,000,000
Base Rate + 1.25%	< 1 Year	4	314,285,714	
	1-2 Years	3		235,714,286
Base Rate + 1.60%	< 1 Year	4	57,142,857	
	1-2 Years	3		42,856,872
Base Rate + 1.75%	< 1 Year	7	325,000,000	
	1-2 Years	8		350,000,000
	2-3 Years	1		25,000,000
Base Rate+1.90%	< 1 Year	4	300,000,000	
Base Rate+2.00%	< 1 Year	8	233,200,000	
	1-2 Years	4		133,600,000
Base Rate+2.50%	< 1 Year	9	400,000,000	
	1-2 Years	3		150,000,000
Base Rate+2.75%	< 1 Year	7	130,000,000	
	1-2 Years	4		40,000,000
	2-3 years	2		20,000,000
Base Rate+3.00%	< 1 Year	12	185,000,000	
	1-2 Years	12		185,000,000
Base Rate+3.35%	< 1 Year	16	225,000,000	
	1-2 Years	8		112,500,000
Base Rate+3.50%	< 1 Year	3	60,000,000	
				-
Repayable in Bullet				
Base Rate + 2.85%	< 1 Year	1	250,000,000	
Total			4,542,045,244	3,159,734,040
Borrowings from Others				
Repayable in Monthly Instalments				
Coupon Rate	< 1 year	58	547,806,160	
	1-2 Years	49		367,271,380
	2-3 Years	22		74,398,120
	3-4 Years	5		3,353,560
Total			547,806,160	445,023,060
Repayable in Bullet				
Coupon Rate	< 1 year	3	1,010,000,000	
	1-2 Years	1		230,000,000
Total			1,010,000,000	230,000,000



Ujjivan Financial Services Private Limited
Notes forming part of financial statements

Note 6 Long term Provisions

(Amount in Rupees)

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

Note 7 - Short-term Borrowings

(Amount in Rupees)

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

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

Note 8 - Trade Payables

(Amount in Rupees)

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

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Ujjivan Financial Services Private Limited
Notes forming part of financial statements

Note- 9 Other current liabilities

(Amount in Rupees)

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

Note (i) :Current maturities of long term debts

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Non Convertible Debentures *		
<u>Secured</u>		
40 debentures, 10.40% Secured Redeemable Non Convertible Debentures of Rs.10,000,000/- each redeemable at par at the end of 365 days from the date of allotment December 31, 2012.	-	400,000,000
320 debentures, 12.80% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 2 years from the date of allotment July 29, 2011	-	320,000,000
29 debentures, 13.12% Secured Redeemable Non Convertible Debentures of Rs.10,000,000/- each redeemable at par at the end of 2 years from the date of allotment January 16, 2012 issued at 0.45% discount on face value.	-	290,000,000
230 debentures, 12.86% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 3 years from the date of allotment June 27, 2011 (Refer Note 5 (a))	230,000,000	-
170 debentures, 12.75% Secured Redeemable Non Convertible Debentures of Rs.1,000,000/- each redeemable at par at the end of 1 year from the date of allotment August 30, 2013	170,000,000	-
Total	400,000,000	1,010,000,000
(b) Term loans (Refer Note 5 (ii))		
From banks		
Secured	9,514,957,030	4,542,045,244
From other parties		
Secured	913,931,380	547,806,160
Total	10,428,888,410	5,089,851,404

*Debentures are secured by hypothecation of book debts.



Ujivan Financial Services Private Limited
Notes forming part of financial statements

Note -10 Short term provision

(Amount in Rupees)

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

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Note 11 - Fixed assets

(Amount in Rupees)

Fixed Assets	Gross Block				Accumulated Depreciation & amortisation				Net Block	
	Balance as at April 1, 2013	Additions	Disposals	Balance as at March 31, 2014	Balance as at April 1, 2013	Depreciation / amortisation expense for the year	On disposals	Balance as at March 31, 2014	Balance as at March 31, 2014	Balance as at March 31, 2013
A Tangible Assets										
Computers	61,635,101 * (59,700,355) *	14,916,555 (2,663,543)	321,586 (728,797)	76,230,070 (61,635,101)	31,402,198 (22,269,010)	10,891,992 (9,701,354)	199,920 (568,166)	42,094,270 (31,402,198)	34,135,800 (30,232,903)	30,232,903
Leasehold improvements	32,017,635 (32,061,885)	10,706,668 (4,104,444)	5,721,657 (4,148,694)	37,002,646 (32,017,635)	20,373,277 (19,131,843)	5,359,157 (4,526,984)	2,944,441 (3,285,550)	22,787,993 (20,373,277)	14,214,652 (11,644,358)	11,644,358
Furniture and Fixtures	29,379,168 (24,744,454)	8,500,297 (5,787,594)	750,354 (1,152,880)	37,129,111 (29,379,168)	15,477,281 (13,293,414)	4,767,057 (2,897,581)	418,051 (713,714)	19,826,287 (15,477,281)	17,302,824 (13,901,887)	13,901,887
Vehicles	2,432,228 * (2,326,693) *	- (493,565)	16,721 (388,030)	2,415,507 (2,432,228)	798,770 (864,702)	210,496 (205,018)	16,721 (270,950)	992,545 (798,770)	1,422,962 (1,633,458)	1,633,458
Office equipments	33,312,943 * (30,718,258) *	11,403,669 (4,556,467)	3,542,940 (1,961,782)	41,173,672 (33,312,943)	7,938,464 (6,669,720)	3,139,350 (2,060,539)	909,979 (791,795)	10,167,835 (7,938,464)	31,005,837 (25,374,479)	25,374,479
Total (A)	158,777,075	45,527,189	10,353,258	193,951,006	75,989,990	24,368,052	4,489,112	95,868,930	98,082,075	82,787,085
Previous Year	(149,551,645)	(17,605,613)	(8,380,183)	(158,777,075)	(62,228,689)	(19,391,476)	(5,630,175)	(75,989,990)	(82,787,085)	
B Intangible Assets										
Computer software	45,548,101 (35,377,987)	7,676,280 (10,170,114)	- -	53,224,381 (45,548,101)	16,955,930 (11,130,444)	7,099,118 (5,825,487)	- -	24,055,048 (16,955,931)	29,169,333 (28,592,170)	28,592,170
Total (B)	45,548,101	7,676,280	-	53,224,381	16,955,930	7,099,118	-	24,055,048	29,169,333	28,592,170
Previous Year	(35,377,987)	(10,170,114)	-	(45,548,101)	(11,130,444)	(5,825,487)	-	(16,955,931)	(28,592,170)	
Total (A) + (B)	204,325,176	53,203,469	10,353,258	247,175,387	92,945,920	31,467,170	4,489,112	119,923,978	127,251,408	111,379,255
Previous Year	(184,929,632)	(27,775,727)	(8,380,183)	(204,325,176)	(73,359,133)	(25,216,963)	(5,630,175)	(92,945,921)	(111,379,255)	

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

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

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



Ujjivan Financial Services Private Limited
Notes forming part of financial statements

Note 12 - Non-current investments

(Amount in Rupees)

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

Note 13 Long term loans and advances

(Unsecured, Considered good unless otherwise stated)

(Amount in Rupees)

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

Note 14 -Other non current assets

(Unsecured, considered good unless otherwise stated)

(Amount in Rupees)

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

* Under lien against loans availed by the Company



Note-15 Trade receivables under financing activity

(Amount in Rupees)

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

Note - 16 Cash and Bank balances

(Amount in Rupees)

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

Note

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



Ujjivan Financial Services Private Limited
Notes forming part of financial statements

Note 17 Short-term loans and advances

(Amount in Rupees)

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

* includes insurance claim receivable and advance for expenses.

Note 18 Other current assets

(Amount in Rupees)

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



Ujjivan Financial Services Private Limited
Notes forming part of financial statements

Note 19 Income from Operations

(Amount in Rupees)

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

Note 20 Other Income

(Amount in Rupees)

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

Note: Interest Income Disclosure

(Amount in Rupees)

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

Note 21 Employee benefits expense

(Amount in Rupees)

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



Note 22 Administrative and Other Expenses

(Amount in Rupees)

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

Note

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



Note 23 Finance Costs

(Amount in Rupees)

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

Note 24 Bad debts and Provision for receivables

(Amount in Rupees)

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



Note 25 Additional information to the financial statements

25.1 Contingent liabilities and commitments (to the extent not provided for)

(Amount in Rupees)

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

25.2 Earnings in foreign currency– Rs. Nil (PY. Nil)

25.3 Expenditure in foreign currency – Rs. Nil (PY. Rs. Nil)

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

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

25.5 Asset Classification & Provisioning:

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. Loans where the 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, during the year, the Company in line with the guidelines laid down under the DNBS.(PD).CC. No. 347 /03.10.38/2013-14 dated 1 July 2013 has provided Rs.161,726,792/- being 1 % of the outstanding portfolio as at March 31, 2014. The disclosure made in the following table with respect to the asset classification and the provision is as per the RBI guidelines.

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

(Amount in Rupees)

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

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

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

(i) Capital to Risk asset ratio

(Amount in Rs.)

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

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

The Company does not have any direct or indirect exposure to the Real Estate Sector as at March 31, 2014

(iii) Maturity Pattern of Assets and Liabilities

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

(Amount in Rs.)

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

Notes:

1. The above borrowing excludes interest accrued but not due.

2. The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the Management and reviewed by the ALM committee.



Ujivan Financial Services Private Limited
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, 2014							
	Less than Rs. 1 lakh		Rs. 1 to Rs. 5 lakhs		Rs. 5 - 25 lakhs		Total	
	No. of Accounts	Value Rs. in lakhs	No. of Accounts	Value Rs. in lakhs	No. of Accounts	Value Rs. in lakhs	No. of Accounts	Value Rs. in lakhs
A) Person involved								
Staff	573	442,023					573	442,023
Customer								
Staff and customer								
Total	573	442,023	-	-	-	-	573	442,023
B) Type of fraud								
Misappropriation and criminal breach of trust	573	442,023					573	442,023
Fraudulent encashment / Manipulation of books of accounts								
Unauthorised credit facility extended								
Cheating and forgery								
Total	573	442,023	-	-	-	-	573	442,023

	March 31, 2013							
	Less than Rs. 1 lakh		Rs. 1 to Rs. 5 lakhs		Rs. 5 - 25 lakhs		Total	
	No. of Accounts	Value Rs. in lakhs	No. of Accounts	Value Rs. in lakhs	No. of Accounts	Value Rs. in lakhs	No. of Accounts	Value Rs. in lakhs
A) Person involved								
Staff	1,592	4,356,420					1,592	4,356,420
Customer	-	-	-	-	-	-	-	-
Staff and customer	-	-	-	-	-	-	-	-
Total	1,592	4,356,420	-	-	-	-	1,592	4,356,420
B) Type of fraud								
Misappropriation and criminal breach of trust	1,592	4,356,420	-	-	-	-	1,592	4,356,420
Fraudulent encashment / Manipulation of books of accounts	-	-	-	-	-	-	-	-
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and forgery	-	-	-	-	-	-	-	-
Total	1,592	4,356,420	-	-	-	-	1,592	4,356,420

Note:

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

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

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



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

II Defined Benefit Plan

Contribution to Gratuity Fund:

Details of defined benefit plan of gratuity are given below:

(Amount in Rupees)

Particulars	March 31, 2014	March 31, 2013
Components of employer expense		
Current Service cost	14,360,578	17,860,423
Interest cost	3,441,219	1,600,049
Expected return on plan assets	(2,023,547)	(1,301,321)
Actuarial Losses/(Gains)	(169,088)	(536,667)
Total expense/(income) recognized in the Statement of Profit & Loss	15,609,162	17,622,484
Actual Contribution and Benefit Payments for the Year ended		
Actual benefit payments	(2,231,507)	(750,866)
Actual Contributions	18,505,129	7,468,204
Net asset/(liability) recognized in balance sheet as at		
Fair value of plan assets	39,552,345	21,225,930
Present Value of Defined Benefit Obligation	(54,278,862)	(38,848,414)
Excess of plan assets over present value of obligation	-	-
Net (liability) recognized in balance sheet	(14,726,517)	(17,622,484)
Change in Defined Benefit Obligation (DBO) during the year ended		
Present Value of DBO at the beginning of the year	38,848,414	20,376,048
Current service cost	14,360,578	17,860,423
Interest cost	3,441,219	1,600,049
Actuarial (gains)/losses	(139,842)	(237,240)
Benefits paid	(2,231,507)	(750,866)
Present Value of DBO at the end of the year	54,278,862	38,848,414
Current Liability	5,983,457	4,169,401
Non current liability	48,295,405	34,679,013
Change in Fair Value of Assets during the year ended		
Plan assets at the beginning of the year	21,225,930	12,907,844
Expected return on plan assets	2,023,547	1,301,321
Actuarial gain/(loss)	29,246	299,427
Actual Company Contributions	18,505,129	7,468,204
Benefit Paid	(2,231,507)	(750,866)
Plan assets at the end of the year	39,552,345	21,225,930
Actuarial Assumptions		
Discount Rate	9.12%	8.00%
Expected Return on plan assets	8.00%	8.00%
Rate of increase in compensation	10.00%	10.00%
Attrition rate	17.24%	21.60%
Retirement age	60	60

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

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



Note 26 Disclosures under Accounting Standards

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

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

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

III Other Long term employee benefits – Compensated absences

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

26.2 Segment Reporting

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

26.3 Related Party Disclosure

A. List of Related Parties are Given below:

Key Management Personnel

Mr. Samit Ghosh , Managing Director
Mrs. Sudha Suresh, Chief Financial Officer
Mrs. Suhasini Ashok, Company Secretary

Enterprises owned by relative of key management person

Parinaam Foundation
Ujjivan Social Services Foundation

B. Transactions with Related Parties during the year

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

2. Enterprises owned by relative of key management person

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



Note 26 Disclosures under Accounting Standards

26.4 Details of leasing arrangements

The Company has taken on operating lease certain facilities and office premises for a period ranging from 11 months to 60 months which are non-cancellable for the period as reflected in the respective agreements. These lease agreements provide for increase in the lease payments by 10% to 15% over the period as mentioned in the agreements. The total minimum lease payments for the current period, in respect of operating leases, included under rent, aggregates to Rs.60,510,767/- (P.Y.Rs.51,301,453/-)

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

(Amount in Rupees)

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

26.5 Earnings per share

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

Other ratios are indicated below:

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

26.6 Deferred Tax

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

(Amount in Rupees)

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

27 Employee Stock Option Plan

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

Option activity under the plans is as given as below:

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

The guidance note issued by the Institute of Chartered Accountants of India requires the disclosure of pro forma net results and Earnings Per Share (EPS) both basic & diluted, had the company adopted the fair value method amortising the stock compensation expense thereon over the vesting period, the reported profit for the year ended March 31, 2014 would have been lower by Rs.14,418,327/- and the basic and diluted EPS would have been revised to Rs.8.17/- and Rs.7.69/- respectively.



Ujivan Financial Services Private Limited
Notes forming part of financial statements

28 Securitisation of receivables under financing activities:

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

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

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

30 Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / disclosure.

For and on behalf of the Board of Directors



Samit Ghosh
 Managing Director



Suhasini Ashok
 Company Secretary



Sunil Patel
 Director



Sudha Suresh
 Chief Financial Officer

Place: Bangalore
 Date: May 16, 2014

