

Audited financials for the year 2013-14:

As per the audited financials for the financial year 2013-14, the company achieved Profit Before Tax (PBT) of ₹135.9Mn against a PBT of ₹ 59.9 Mn in FY 2012-13. This was achieved mainly because of excellent portfolio quality and reduction in operating expenses. The operating expenses came down from 10.4% for the year ending March, 2013 to 7.9% for the year ending March 2014. Utkarsh targets to maintain it at same level in the financial year 2014-15, though the company has plans of opening nearly 100 new branches during the year.

Upgrade in Bank loan Rating:

ICRA has upgraded Bank Loan Rating of the Company to [ICRA] BBB from [ICRA] BBB-. The outlook on the long term rating is stable. The improvement in grading factors

- ✓ Ability to scale up operations (Portfolio of ₹ 355 crore as on March 31, 2014)
- ✓ Improve its profitability indicators (ROE improved from 8% to 12%) while maintaining good asset quality indicators (Collection Efficiency of 99.9% as on March 31, 2014)
- ✓ Improved financial flexibility as reflected by the fact that the company was able to raise around ₹ 481 crore of funds in 2013-14 from 32 lenders including ₹ 76 crore raised in the form of Non-Convertible Debentures.
- ✓ Experienced management team, strong investor profile, good loan monitoring and collection mechanisms supported by strong Management Information Systems (MIS) and risk management function

New incumbents in Senior Management:

Mr. Ashwani Kumar and Mr. Pankaj Kumar have joined the company as head Internal Audit and compliance and VP operations respectively.

Ashwani is an MBA from Institute of Rural Management, Anand (IRMA) and is Rural Finance & Development Management professional with over 8 years of industry experience. Prior to joining Utkarsh, he served NABARD Financial Services Ltd. (NABFINS is predominantly engaged in SHG and SLI Finance in southern India) as AGM. At NABFINS his Functional Responsibility was Head - Finance Prior to NABFINS, he was with Canara Bank as Manager for around 6 years at its Priority Credit Wing, Head Office, Bangalore.

Mr. Pankaj is an MBA from Institute of Rural Management, Anand (IRMA). He has more than 8 years of exposure across Microfinance, Relationship Management, Corporate Banking, and Business Development & Direct Sales. Prior to joining Utkarsh, he was Area Head - TASC (Direct Sales) at HDFC Bank Ltd. Prior to that, as Relationship Manager in Microfinance Division at HDFC Bank.

MIX S.T.A.R Award

Utkarsh was recognized as MIX 2013 Socially Transparent and Responsible (S.T.A.R.) MFI - one of only 5 Indian institutions which have been given this recognition. Globally this has been awarded to less than 30 MFIs out of 200+ MFIs which participated in desk review process.

Operational Highlights:

The company is operating in eight states, namely Uttar Pradesh, Bihar, Madhya Pradesh, Uttarakhand, New Delhi, Himachal Pradesh, Haryana and Maharashtra covering forty six districts. The company is carrying its operations from 175 branches and achieved a total portfolio outstanding of ₹ 4200.9 Mn as on June 30, 2014 including Micro Enterprise Loan portfolio of ₹ 145.6 Mn. The Company has opened 24 new branches during the Q-1 ended June 30, 2014. The company was able to maintain 99.9% repayment rate. Below is comparative summary of the operational highlights of the company:

	As on June 30, 2014	As on March 31, 2014	As on June 30, 2013
Microfinance Outreach			
No of States	8	8	5
No. of Districts	46	40	25
Total No of Branches	166	142	105
No of Branches in UP	79	74	64
No of Branches in Bihar	52	39	29
No of Branches in MP	10	8	6
No of Branches in Uttarakhand	7	7	5
No of Branches in Delhi	8	8	1
No of Branches in Himachal Pradesh	1	1	-
No of Branches in Haryana	1	1	-
No of Branches in Maharashtra	8	4	-
Total No. of Centres	23,134	20,476	15,586
Total No. of Groups	85,844	80,181	54,722
Total No. of Members	381,096	337,543	227,809
Total No. of Clients	358,437	317,900	216,800
Total Disbursement - Cumulative (₹ in Mn)	10,603.1	8,999.0	5,266.0
Loan Outstanding (₹ in Mn) (Own+Managed)	4,055.3	3,436.1	2,034.4
Total no of Loan Disbursed	761,126	664,219	411,265
Total no. of Credit Officers	705	575	358
No. of Client/Credit Officer	508	553	606

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On Time Repayment Rate (OTRR in %)	100.0%	100.0%	100.0%
PAR >30 Days			
No of Clients	37	15	5
Amount (In Mn)	0.33	0.21	0.07
Micro Enterprises Lending			
No of States	3	3	2
No. of Districts	9	9	5
Total No of Branches	9	9	5
Total no of Loan Disbursed	3268	2564	509
Total No. of Clients	3054	2415	496
Total Disbursement - Cumulative (₹ in Mn)	192.6	149.0	27.80
Loan Outstanding (₹ in Mn) (Own+Managed)	145.6	120.3	23.20
No. of Relationship Officer (RO)	62	43	27
No. of Clients/RO	49	56	18
PAR >30 Days			
No of Clients	2	1	1
Amount (In Mn)	0.05	0.01	0.0
National Pension System (NPS)			
No of States	2	2	-
No. of Districts	11	7	-
Total No of Branches	41	41	-
No of Accounts	18,882	11,340	-
Total Subscription - Cumulative (₹ in Mn)	4.20	3.01	-
Staff			
Operation Staff	1152	898	532
Total Staff	1252	1031	682

Employees Detail:

	Jun'14	Mar'14
JLG Operation	1051	821
MEL Team	96	87
Support and Control Team	105	123
Total:	1252	1031

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Social interventions

Health Initiatives:

In order to provide low cost medical facility, SWS has tied up with Ram Krishna Sewashram Hospital Ojhala, Mirzapur and GV Meditech group Varanasi for operating poly clinic at 4 branches. This has been done to provide free medical facilities to the members. The Poly clinic opens for the customer of Utkarsh for medical treatment and meditation at fortnightly intervals, as such the poly clinic remain operational for 21 times till June 2014 and 1209 patients have been examined so far. Company plans to expand this initiative in many more branches and is in discussion with several hospitals.

Financial Awareness in association with ACCION:

During the quarter under review, the company organized programmes on financial awareness for the clients of Utkarsh across several branches. Total 449 clients benefitted in these financial awareness programmes.

Solar Light Project:

The Company started pilot from two branches – Harahua (Varanasi) and Chandwak (Jaunpur) in Mar 2014. As on June 30, 2014 the project has been expanded to 5 branches of Uttar Pradesh and Bihar. Total 1190 clients have purchased the Solar Combo and Single Sunking Pro product till June 30, 2014.

Vocational Training – Agarbatti Rolling Project:

SWS (Samutkarsh Welfare Services) is providing continuous training on incense stick production in the twenty villages in Harahua block of Varanasi district. Total production of raw agarbatti till June was 837 kg and that of scented agarbatti was 282 kg. However, 580 kg of raw agarbatti and 123 kg of scented agarbatti produced so far by the members were linked to the market.

**Glimpses of Client Meet
at Gazipur Branch, Gazipur**



**News of Herbertpur Branch,
Dehradun, Client Meet**

