



ASSOCIATION OF KARNATAKA MICROFINANCE INSTITUTIONS



annual
Report
2013-14

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Chairman Emeritus, AKMI

Message from Padmashri Aloysius Prakash Fernandez

Dear Colleagues,

Financial Inclusion continues to be a priority of the Government with Jan Dhan being the latest initiative to achieve the objective. However one cannot help but question why in spite of so many efforts, financial inclusion of the majority of the population and particularly of the poor is still not achieved. May be we missed something. - Perhaps the concerns of the client, which are so diverse? Has anyone heard of "Mobile Telephony Inclusion"? No! Yet there are over 800 million mobile telephone users in the country. Even more revealing is that the number of "financially included" is much lower than the number of those voting in elections. People are obviously more interested in casting a vote than in opening a Bank account.

Is it not ironical that our greatest achievement - "a vibrant democracy" is mainly fuelled by a cash economy - which is "excluded"?

AKMI has tried to focus on the client throughout its history. It has rushed to areas where clients had a problem in order to sort it out. It has conducted several episodes on Financial Literacy for clients - about 8 episodes on Chandan Channel during 2013-14 alone. It conducts regular meetings at the District levels to obtain feedback from the clients. All these are praiseworthy efforts. Perhaps AKMI should declare 2014-2015 as the "Year of the Client". NBFCs MFIs can play a major role in financial inclusion if they take into account the needs of the client more seriously.

Once they achieve this, any attempt to keep them out will be strongly protested by the clients which will compel the authorities to listen.

May 2014-15 be dedicated to the client.

Yours sincerely

Aloysius Prakash Fernandez
Chairperson Emeritus



Samit Ghosh

Chairman's Message

Dear Members,

The centre of gravity of microfinance in India by perception has shifted to Karnataka. There is concern over this issue in certain circles which is misplaced. In terms of Gross Loan Portfolio (GLP) of NBFC-MFIs Karnataka with Rs. 32.9 Billion ranks third after West Bengal & Tamil Nadu. The State's GLP growth rate of 13.1% in the second quarter of 2015 we rank 17th. In terms of state wise NBFC-MFI concentration with 19 of us operating in the state, we rank a joint third with three other states. Three of the top ten NBFC-MFIs have their headquarters based in Bangalore. We have had a very peaceful last 24 months with no major untoward incident reported. AKMI has played a large role in maintaining the discipline, the spirit of collaboration and the reputation of the microfinance industry we have built up.

The year 2014 has seen major changes in the political and economic environment in India. From the perspective of financial inclusion there have been major positive developments. The Prime Minister's Jan Dhan Yojana Program has put financial inclusion on the top of the national agenda. The second major development which has a far reaching impact for us is the Reserve Bank of India's (RBI's) announcement of the 'Small Finance Bank.'

We have been advocating for a long time with the Reserve Bank & the Government for a specialized banking institution which will serve the financially excluded. The Reserve Bank came up with a proposal and requested feedback. We have provided feedback to make such a bank both feasible & viable for microfinance institutions. The RBI has taken into account our feedback and invited applications for such bank.

This will be the final transformation for microfinance institutions. As the Governor Raghuram Rajan put it to us that he would like to see the best MFIs transform to Small Finance Bank. We look forward to this change, as we will then be able to provide a full range of services which our customers require: loans, deposits, remittance and provide insurance & pension as third party services. In addition being a bank under the auspices of the Reserve Bank, would also protect us from the risk of state legislation like in Andhra.

The challenge of setting up successfully the Small Finance Bank will start with the fundamental nature of this business. There are very large number of customers to serve; 600 million. The transaction and relationship size are small. Trying to serve these customers in the traditional banking mode of brick and mortar branches is a non-starter. This will require revolutionary new approach:

- We need to think in terms of new delivery mechanisms, paper less processing etc. using technology. This can mean mobile banking, leveraging Aadhar bio-metric ID, micro-ATMs highly automated paperless transaction processing.
- It will require regulatory changes like permitting digital signatures and make mobile banking more usable for this segment of customers.
- This would require us share micro-ATM networks with other Small Finance Banks & institutions serving the same customer segment.
- We need to develop products based on thorough customer research.
- Financial literacy of customers will play a big part in success of this program.
- Analytics will be a big part of designing products & risk management.

Exciting times are ahead for all of us. Fasten your seat belts and enjoy the journey.

I would like to thank:

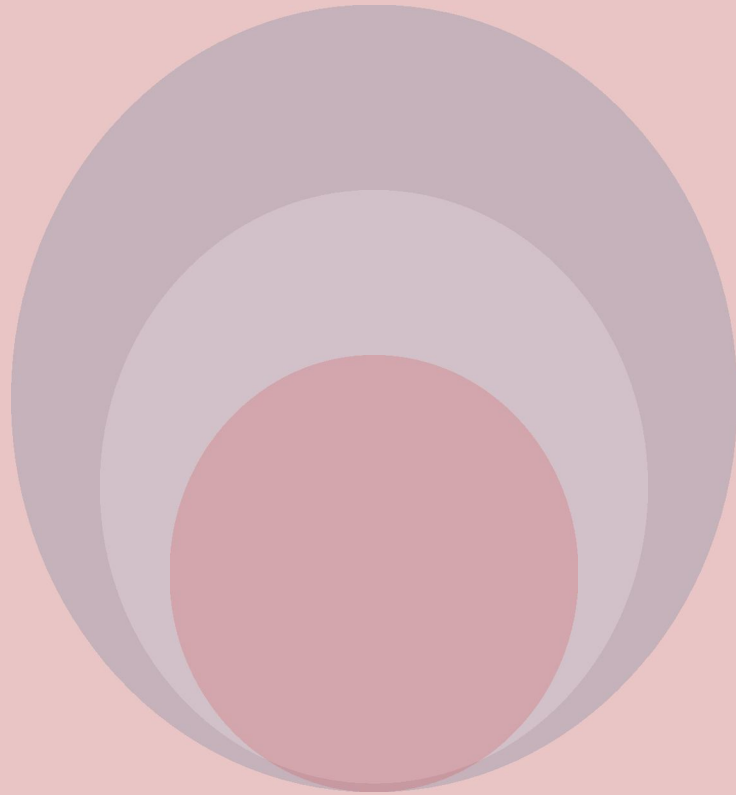
- All the members for the spirit of collaboration with which we work in Karnataka;
- The Board members for their excellent leadership; and
- The AKMI Secretariat for the excellent work, unparalleled in any other state in India which execute day in day out.

Wishing you a peaceful & prosperous New Year.

Samit Ghosh
Chairman



ASSOCIATION OF KARNATAKA MICROFINANCE INSTITUTIONS



Report on Activities During 2013-14



ASSOCIATION OF KARNATAKA MICROFINANCE INSTITUTIONS

About AKMI

Association of Karnataka Microfinance Institutions (AKMI) was established in 2007 to bring in better transparency, governance, clients protection and ethical practice amongst the MFIs in the state. It is a Self Regulatory Authority with a code of conduct for its members.

AKMI is a registered society under the societies Act 1860. Its registered office is at Avalahalli, Anjanapura post, JP nagar 9th phase, Bangalore-560108.

Our Mission

To build the field of community Development Finance in Karnataka, to help its members and associate Institutions to better serve low income households, particularly women, in both rural and urban Karnataka and India, in their quest established stable livelihoods and improving their quality of life.

AKMI aims to cover all microfinance institutions functioning in Karnataka as its members to bring uniformity in community development, strengthen MFI function and resolve conflicts among MFIs and co-ordinate with other partners.

Our Objectives

- Initiate, promote, support, encourage, conduct and organize any and all forms of community Development Finance and related activities.
- Provide a forum for entities organizations and individuals engaged directly and indirectly in the field of community Development Finance in Karnataka, to meet, share and exchange their experiences, expertise and resources.
- Work towards promoting co-operation amongst CDFIs and resolving conflicts amongst CDFIs and entities and organizations involved with CDFIs.
- Serve as a catalyst for further building the field of Community Development Finance in Karnataka.
- Strengthen the capacities of institutions involved in Community Development Finance through research, consultancy, publication and training in different aspects of Community Development Finance.
- Establish linkages between members and resource institutions, such as funding agencies, financial institutions, rating agencies training, consultancy, academic and research institutions.
- Make representation to the Government of Karnataka, government of India, the Reserve Bank of India (RBI) and other regulatory and policy making bodies to promote institutions providing Community Development Finance and help create a favorable policy environment for such institutions, both at a state and National level.

Our Core Value

- ❖ Integrity
- ❖ Fair Practices
- ❖ Transparency
- ❖ Quality of Services

AKMI Board

Padmashree Aloysius Fernandez - Chairman Emeritus



Recipient of Padmashree award during 2000, Sri Aloysius Prakash Fernandez has vast experience in the fields of development and finance. Popularly known as the father of the SHG movement, which he pioneered during 1985, he was instrumental in setting up MYRADA. With NABARD he was the driving force behind the SHG-BANK linkage Programme. To take forward the microfinance programme, he founded Sanghamitra Rural Financial Services, a Section 25 Company in 1996.

His contribution to the developmental sector and his outstanding work in setting up and managing people's Institutions automatically involved him several National and State Level Committees including the Dr C Rangarajan committee on Financial Inclusion and steering committee on Agriculture and allied sectors during the 12th Five year Plan. He is on the Board of NABFINS. He is also a recipient of Caritas Millennium Award.

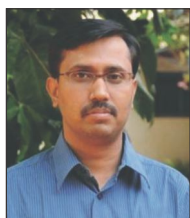
Mr. Samit Ghosh - Chairman



Samit Ghosh pioneered consumer banking in India with Ravindra Bahl and Jaitirth Rao at Citibank in 1985. He subsequently led the launch of retail banking for Standard Chartered in the Middle East and South Asia and for HDFC Bank in India. His last commercial assignment was Chief Executive India, of Bank Muscat. He has had international banking experience for over thirty years now. He is an alumnus of Jadavpur University and Wharton School. He is one of the founder members of AKMI and presently he is

Chairman of AKMI.

Suresh K Krishna, - Vice Chairman



Mr. Suresh K. Krishna has been at the helm of activities at Grameen Financial Services Pvt. Ltd. since its inception in 1999. He is a Masters in Sociology and also holds a degree in MPEFB from IIMB. He has a background in teaching and entered the field of development in 1997.

Mr. Suresh has over 15 years of experience in microfinance. He has studied the nuances of microcredit, the international microfinance models and strategies from several reputed establishments including Grameen Bank, Bankakademie, Germany and Harvard Business School, USA and developed the Grameen Koota microfinance model. He has presented papers and has been a panellist in several national and international microfinance conferences.

Mr. Suresh was instrumental in initiating the setting up of The Association of Karnataka Microfinance Institutions (AKMI) and was also part of the founding team which started microfinance industry associations including MFIN (Microfinance Institutions Network). Presently he is the Vice-chairman of AKMI.

Radhakrishnan V S, Secretary



Radha as he is fondly called, is a veteran banker with an illustrious career in the banking sector. He was with HSBC for over 25 years where he held various senior positions before moving to ING vysya Bank for 3 years. Radhakrishnan has an MBA from Indian Institute of Management, Ahmedabad.

Anand Rao - Treasurer



Anand Rao is the cofounder and managing director of Chaitanya Microfinance. He has been with Chaitanya for the past 5 years. He has 2 years of experience in the corporate sector and 6 years of experience in the development sector. In the corporate sector, he has worked at Bosch India and Pepsico. In the development sector, he has worked at World Resources Institute, Washington DC and in India at Small Scale Sustainable Infrastructure Development Fund.

Narayanappa - Board of Director



Sri Narayanappa P is Post Graduate in Sociology and CEO of Prakruthi Foundation (MFI) and the Executive Director of Prakruthi (NGO), having 3 decades of experience in the development sector. He is the state Level Convener for Micro Credit Network- Karnataka (MICNET-K). he has successfully implemented a Rural Women Empowerment Development Project assisted by IFAD and World Bank. Has Co-ordinated a South India Network of 30 NGOs of Karnataka, Kerala, Tamil Nadu assisted by NOVIB, International Donor Agency, Netherlands for 3 yrs. He has also coordinated projects supported by the International Donor Agencies i.e. SCIAF, Scotland, KKS, Germany, SDC-IC, Switzerland, TDH, German, OXFAM- UK & Caritas India for Integrated Rural Development & Poverty alleviation. He has undergone many training exposure in INDIA and also participated in International Conferences/ Wrkshops of 5 Countries in Europe.

Venkatesh N. - Board of Director



Mr. Venkatesh currently serves, as the Managing Director is a Promoter of Samasta Microfinance Limited. Mr. Venkatesh has an experience of over 15 years in financial sector. He is the founder of PNV Techno Acquisitions Private Limited that markets financial products. His also a founder of Affluence Edifice, offering wealth management services for high net worth individuals. He has completed ACCION program for strategic leadership in Microfinance through Harvard Business School.

Panchakshari - Board of Director



Mr. Panchakshari S is the overall head of operations & also overseeing other functions as well within BSS. He has more than 15 years of experience in microfinance sector. He has attended many workshops, conferences, exposure & training programmes across India. He has deeply involved in developing the organization in right direction. He has Bachelors' Degree in Science & in Education & Master Degree in Business Administration. Prior to joining BSS, he was a high school teacher in Bangalore for one year & also worked for 4 months in an NGO for Child Labour Eradication Programme (CLEP) at Bangalore.

Vivekanand N. Salimath - Board of Director



Chairman of IDF FSPL, he is a Post Graduate in Agricultural Science with Specialization in Agronomy. A rich experience in the field of entrepreneurship as the Executive Director of RUDSETI, Ujjire and Banking with Leading Public Sector Bank enabled him to set up Initiative for Development Foundation (IDF), a Social enterprise of which he is the Managing Trustee.

He is a Member of several prestigious committees set up by NABARD and RBI. He was Chairman of AKMI from 12.9.2011 to 26.9.2013. Agriculture Man and Ecology AME.

AKMI Members

SI NO	Name of the Member	Location of Head Office
1	BASIX	Hyderabad- Andra Pradesh
2	BSS Microfinance Pvt Ltd	Bangalore- Karnataka
3	Chaitanya Micro Credit India Pvt Ltd	Bangalore- Karnataka
4	Equitas Micro Finance Pvt Ltd	Chennai- Tamil Nadu
5	Future Financial Services Ltd	Chittoor- Andra Pradesh
6	Grameen Financial Services Pvt Ltd	Bangalore- Karnataka
7	IDF Financial Services Pvt Ltd	Bangalore- Karnataka
8	Janalakshmi Financial Services Pvt Ltd	Bangalore- Karnataka
9	L&T Microfinance	Mumbai- Maharashtra
10	Madhura Micro Finance Ltd	Chennai- Tamil Nadu
11	Muthoot Mahila Mitra	Ernakulum- Kerala
12	Navachetana Microfin Services Pvt Ltd	Haveri- Karnataka
13	Nirantara Community Services	Bangalore- Karnataka
14	Prakruthi Foundation	Kolar- Karnataka
15	Rors Financial Services Pvt Ltd	Kolar- Karnataka
16	Samasta Micro Finance Ltd	Bangalore- Karnataka
17	Samuha	Koppal- Karnataka
18	Shree Kshetra Dharmasthala Rural Development Project	Dhakshina Kannada- Karnataka
19	SKS Microfinance Ltd	Hyderabad- Andra Pradesh
20	Spandana Spoorthy Financial Ltd	Hyderabad- Andra Pradesh
21	Ujjivan Financial Services Pvt Ltd	Bangalore- Karnataka
Associate Member		
22	Habitat Micro Build India Housing Finance Co. Pvt. Ltd	Mumbai-Maharastra

AKMI Activities

- ❖ Karnataka MFI Coverage as on 31st March 2014
- ❖ No of Members: 22
- ❖ No of District operating in Karnataka: 30
- ❖ No of Branches: 870
- ❖ No of Staff: 8669
- ❖ No of Clients: 4491910
- ❖ Amount Standing: Rs 5586.53 Crs
- ❖ PAR: Rs. 51.45 Crs



MFI WISE PERFORMANCE and OVERDUES for the month of MARCH 2013

Amt In cr

SI No	Name Of MFI's	O/S Amount		Over Dues	
		No of Alc	Rs	No of Alc	Rs
1	ASMITHA	50729	53.69	5706	5.49
2	BASIX	32538	21.52	238	0.11
3	BSS	154251	153.53	3474	2.45
4	CHAITANYA	27593	30.83	0	0
5	FFSL	64363	100.55	32	0.01
6	GFSPL	267565	411.23	235	0.32
7	IDF	119831	59.69	189	0.08
8	JANALAKSHMI	187207	270.58	45	1.09
9	KAVERI CREDIT	320	0.14	32479	19.29
10	NAVACHETANA	18439	17.42	20	0.01
11	NIRANTARA	883	0.25	28902	20.46
12	NKRDS	509	1.92	43580	17.26
13	PRAK FOUND	1824	2	994	1.75
14	RORES	1548	2.85	735	0.36
15	S K S	413824	354.13	10149	4.93
16	SAMASTA	24844	25.68	21	0
17	SAMUHA	16719	15.81	537	0.24
18	SKDRDP	2007342	2187.68	0	0
19	SPANDANA	387258	333.81	899	0.37
20	UJJIVAN	170021	207.22	555	0.08
21	URS TRUST	1165	0.31	22	0
	TOTAL	3948773	4250.84	128812	74.3

MFI Wise Outstanding and Overdues for the month end of March 2014

SI No	MFI Name	Outstanding		Overdues	
		No of Borrowers	Amt In crs	No of Clients	Amt In crs
1	Basix	30976	21.93	0	0.00
2	BSS Microfinance Pvt Ltd	136652	208.36	529	0.56
3	Chiatanya Micro Credit India Pvt Ltd	44579	51.89	380	0.16
4	Equitas Microfinance Pvt Ltd	11763	13.08	556	0.12
5	Future Financial Services Ltd	75168	94.88	0	0.00
6	Grameen Financial Services Pvt Ltd	357364	573.22	12	0.00
7	IDF Financial Services Pvt Ltd	73003	59.65	851	0.39
8	Janalakshmi Financial Services Pvt Ltd	282245	458.78	877	0.75
9	Madhur Micro Finance Ltd	2881	3.43	32841	14.23
10	Muthoot Mahila Mitra	98814	95.27	888	3.41
11	Navachetana Microfin Services Pvt Ltd	26065	28.68	45	0.01
12	Nirantara Community Services	3626	4.96	8063	6.68
13	Prakruthi Foundation	2857	3.15	1962	1.72
14	Rors Financial Services Pvt Ltd	1685	2.62	316	0.29
15	Samasta Microfinance Ltd	26839	24.41	56	0.01
16	Samuha	4210	2.02	0	0.00
17	Shree Kshetre Darmastala Rural Development Project	2137600	2868.89	27019	17.42
18	SKS Microfinance	578338	479.11	9737	4.78
19	Spandana Financial Services Pvt Ltd	291168	238.42	0	0.00
20	Ujjivan Financial Services Pvt Ltd	197840	278.5	88	0.01
	TOTAL	4383673	5511.25	84220	50.54

MFI Wise Outstanding and Overdues for the month end of September 2014

Sl No	MFI Name	Outstanding			Overdues	
		No of Distircts operating	No of Borrowers	Amt In crs	No of Clients	Amt In crs
1	Basix	5	21418	14.18	21361	14.11
2	BSS Microfinance Pvt Ltd	14	160718	255.47	9685	4.76
3	Chiatanya Micro Credit India Pvt Ltd	11	55059	62.19	51	0.01
4	Equitas Microfinance Pvt Ltd	1	28264	30.14	0	0.00
5	Future Financial Services Ltd	11	91297	128.23	1125	1.39
6	Grameen Financial Services Pvt Ltd	27	424366	658.17	182	0.05
7	IDF Financial Services Pvt Ltd	8	68553	60.6	883	0.81
8	Janalakshmi Financial Services Pvt Ltd	8	337551	555.09	1479	5.47
9	Madhur Micro Finance Ltd	5	6620	6.76	0	0.00
10	Muthoot Mahila Mitra	16	122951	118.84	923	0.64
11	Navachetana Microfin Services Pvt Ltd	5	34790	38.67	559	0.43
12	Nirantara Community Services	4	12581	19.21	0	0.00
13	Prakruthi Foundation	1	2564	2.94	195	0.03
14	Rors Financial Services Pvt Ltd	2	1028	2.54	99	0.05
15	Samasta Microfinance Ltd	2	27014	19.59	481	0.11
16	Samuha	2	5040	4.02	0	0.00
17	SKDRDP	11	2089499	2594.54	4114	2.26
18	SKS Microfinance	29	462097	492.03	0	0.00
19	Spandana Financial Services Pvt Ltd	28	239333	235.04	602	0.18
20	Ujjivan Financial Services Pvt Ltd	15	247699	425.72	356	0.24
TOTAL			4438442	5723.97	42095	30.54

**District Wise Outstanding and Overdues for the
month end of September 2014**

SI No	Name Of Dist	No of MFIs operating the District.	Outstanding		Over dues	
			No of A/c	(Amt In cr)	No of A/c	(Amt In cr)
1	Bagalkote	7	42993	45.19	20	0.00
2	Bangalore (R&U)	13	535717	859.25	2569	6.37
3	Belgum	11	453502	465.38	874	0.76
4	Ballary	7	63837	61.27	2199	1.12
5	Bidar	5	32235	29.17	2450	0.85
6	Bijapur	8	50945	54.82	8	0.00
7	Chamarajanagara	8	88958	123.54	26	0.01
8	Chikkaballapura	10	60908	81.02	2480	1.24
9	Chikkamagalur	7	195683	227.83	335	0.50
10	Chitradurga	7	63128	84.89	45	0.01
11	Dakshina Kannada	3	208744	444.78	7	0.01
12	Davanagere	12	103373	129.97	486	0.17
13	Dharwad	12	263516	192.90	1674	0.68
14	Gadag	12	160969	78.19	993	0.31
15	Gulbarga	6	63297	75.16	15	0.00
16	Hassan	6	94741	134.94	162	0.09
17	Haveri	11	298859	193.68	1470	0.60
18	Kodagu	5	108530	169.22	13	0.02
19	Kolar	9	51436	54.73	7934	6.26
20	Koppal	8	40481	43.58	10	0.00
21	Mandya	8	103139	147.84	111	0.07
22	Mysore	9	195683	263.78	4776	2.50
23	Raichur	6	37647	38.69	2	0.00
24	Ramanagara	8	54372	86.59	1153	0.53
25	Shivmoga	9	308356	549.35	184	0.74
26	Tumkur	10	407880	420.44	12012	7.53
27	Udupi	5	159479	410.64	2	0.00
28	Uttara Kannada	6	181663	248.46	74	0.17
29	Yadgiri	4	8371	8.67	11	0.00
TOTAL			4438442	5723.97	42095	30.54

Figure-1 : Top 10 MFIs in Client outreach

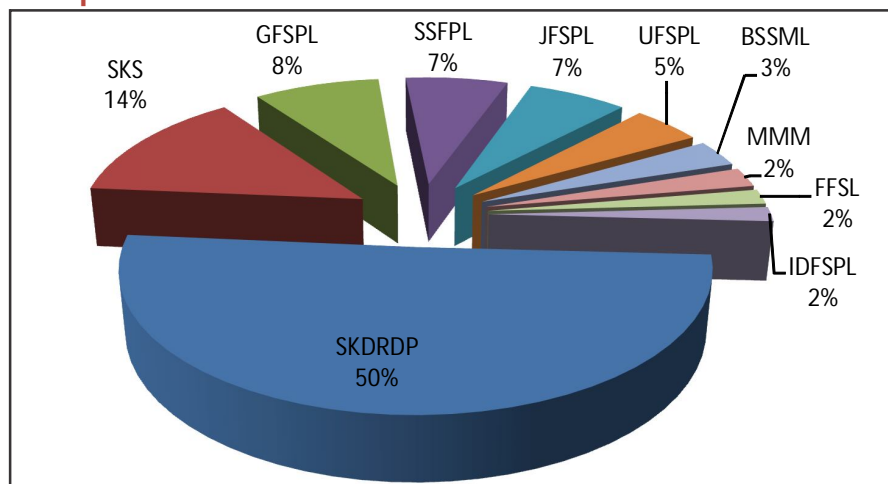


Figure-2: Top 10 District wise Client Reached

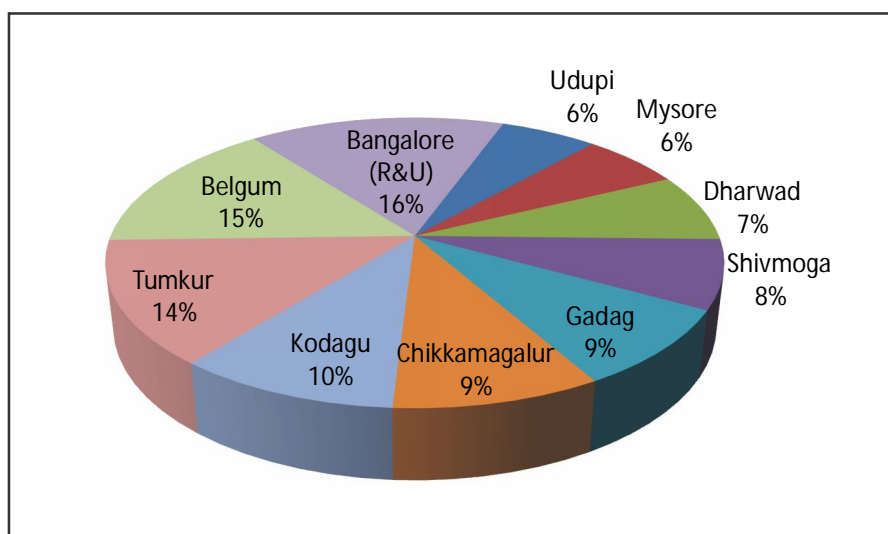


Figure-3, Top 10 District in Portfolio Data as on March 2014

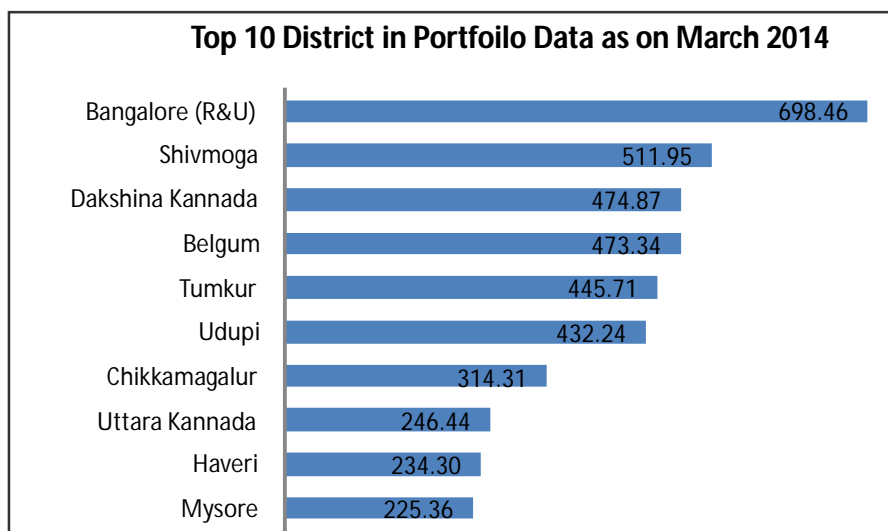


Fig: 4 Top 5 MFIs in Portfolio Outstanding

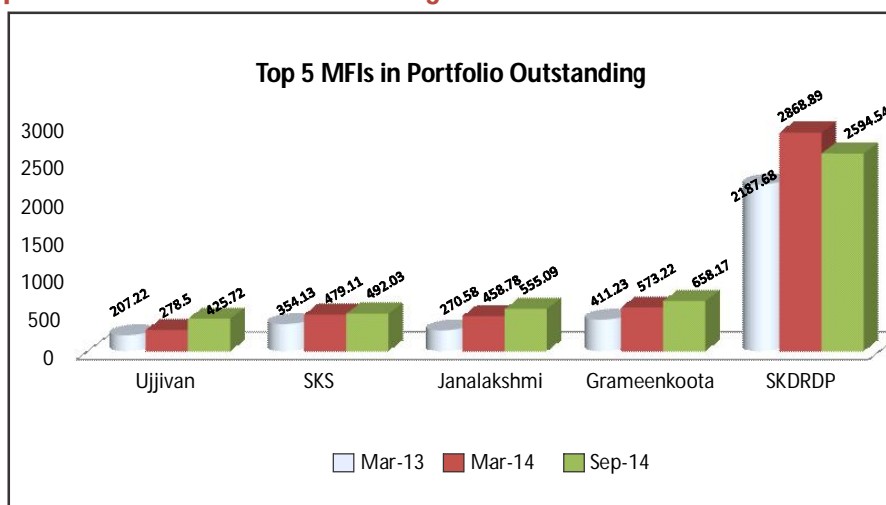
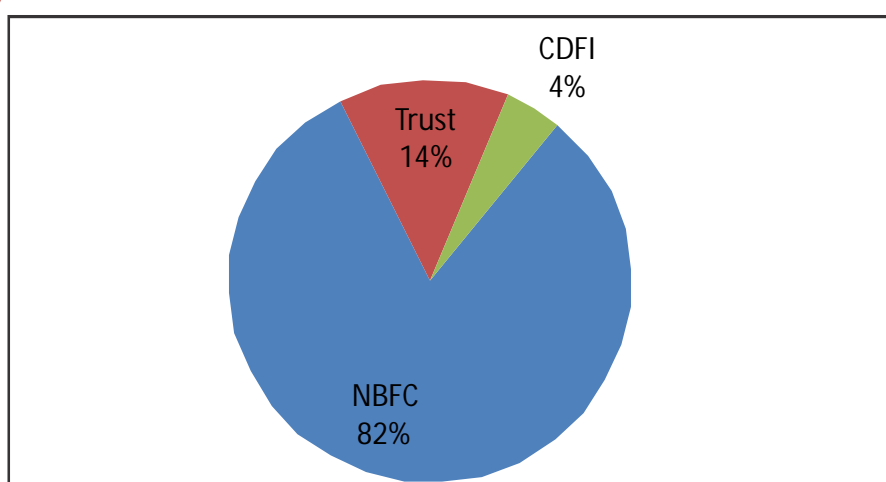
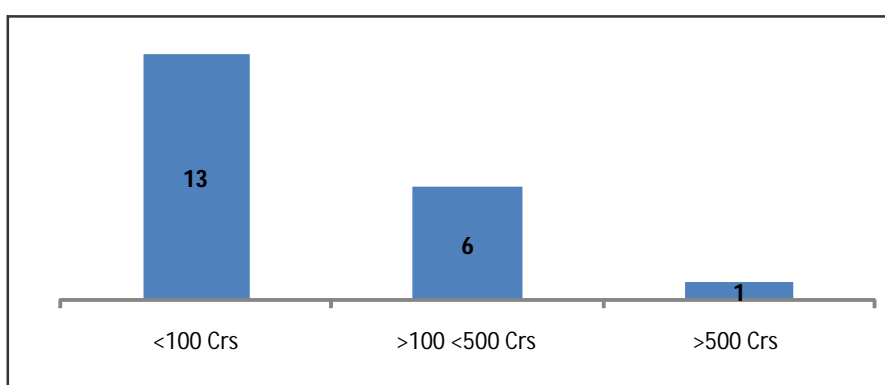


Fig: 5 Legal Forms of AKMI Members



CDFI- Community Development Financial Institutions

Fig: 6 MFIs Size wise Distribution (in Crs)



District AKMI Units Activities

AKMI has 28 districts forums actively involved in various poverty alleviation programmes and significantly contributing to the financial inclusion agenda. The lead MFI in the district takes the initiative to resolve issues in the district including liaison with local District Administrative officials etc.

AKMI events and Activities during the FY 2013-14

AKMI Internal meeting

1. AKMI BIMONTHLY MEETING -conducted at Janalakshmi office on 19-6-13
2. AKMI AGM held at Hotel Citadel on 26-9-13
3. AKMI bimonthly meeting held at Janalakshmi office on 30-11-13.
4. AKMI bimonthly meeting held at Janalakshmi office on 4-1-14
5. AKMI bimonthly meeting held at Janalakshmi on 26-3-14

Meeting/s with Govt. dept and other stake holders

1. State Level Bankers Committee meeting held at Vidhanasoudh on 27th July 2013
2. Meeting Of Microfinance Committee At FKCCI: Shri Suresh Krishna, Vice Chairman, AKMI attended the meeting of Micro Finance committee at FKCCI on 15th Oct 2013
3. State Level Bankers Committee meeting held at Vidhanasoudh on 23rd Oct 2013
4. Meeting with NRLM officials to review the progress and formation of SHG on 17th Mar 2014
5. State Level Bankers Committee meeting held at Vidhanasoudh on 19th Mar 2014

Internal Workshops

1. **IT workshop:** AKMI conducted I T workshop on 9-11-13 at Janalakshmi office .All the mfis participated in the workshop.
2. **Audit Workshop:** AKMI conducted audit workshop on 23-11-13 at GFSPL training centre, Nelamangala. All mfis participated in the workshop.
3. **H R workshop:** AKMI has conducted two HR workshop and Member Mfis in Karnataka participated in workshop.
 - a. On 26-10-13 at Ujjivan Head Office, Bangalore
 - b. On 08-03-2014 at Ashirwad, Bangalore.



Audit Workshop held on 23.11.2013 at GFSPL training centre at Nelamangala.

Meeting/s with externals

1. Meeting With Executive Director of IDBI

As per the invitation of Executive Director of IDBI, All the heads of MFIs in Karnataka met the ED at their Mission road office Bangalore on 2-5-13. The role of IDBI in MFI finance was discussed.

2. Meeting With Girija Sreenivasan, Author of MFI Sector

Meeting of all mfis with Smt Girija Srinivasan. The author State of the Sector Report was arranged at hotel Citadel - Bangalore on 1-7-13. The main objective of the meeting was "problems faced by MFIs, in implementation of RBI guidelines" were discussed at length.

3. Meeting at SIDBI office

Meeting at SIDBI office along with G M SIDBI on 6-1-14 was attended by AKMI office bearers in connection with proposed TV Program.

Financial Literacy Program

1. Financial Literacy Program At Chamrajanagar on 24.08.2013

Financial literacy program was conducted at Chamarajanagar on 24-8-14. About 1500 customers from various mfi's participated. From FKCC Shamprasad and Jayasimha attended. From AKMI HO all staff attended the program. SANKALP and KIRI KASU –HIRI KANASU videos were shown to all customers.



Lighting the Lamp by Mr. Jaishimha, Secretary member CDCCI at FLP, Chamrajnagar

2. Financial Literacy Program at Chikkamagalur on 23.11.2013

The above program conduct at Ambedkar Bhavan, Chikkamagalur. Around 350 customers were attended the event and made it grand success. Mr Maheshwarappa, LDM, Corporation Bank, Chikkamagalur inaugurated the event. DDM- NABARD, AGM of SBM- Chikkamagalur unit were on the dais.



News Paper Clipping of FLP at Chickkamagalore

3. Financial literacy program conducted for Shimoga Dist on 14.12.2013

All the MFIs operating in Shimoga Dist along with 600 customers attended the program. LDM Shimoga and DDM NABARD and Deputy Secretary ZPO attended the program. Shri Anand, MD Chaitanya mfi attended. Grievances redressal cell for Shimoga dist opened at Ujjivan office

4. Financial Literacy Program at Haveri on 01-02-2014

FLP arranged at Krishna math Sabhangana, Haveri, on 01-02-2014. CEO- ZP, Haveri, LDM- Vijaya bank, Haveri and DDM NABARD attended the program. MDs of IDF and Navachetana and all AKMI staff from HO attended. Around 500 customers from various mfis from Haveri Dist attended the program Grievances redressal cell at lead mfi IDF was opened



Lighting of Lamp by the member at FLP Haveri

Our Affiliations/ Membership

- ❖ Sa-Dhan,
- ❖ MFN
- ❖ SLBC- Karnataka
- ❖ FKCCI- Karnataka
- ❖ ASSOCHAM- New Delhi

AKMI Ombudsman:

AKMI has appointed an ombudsman for handling the grievances of customers. Customers may contact ombudsman for the grievances with valid documents or may call toll free number 1800 425 5654.

AKMI has been continuing its grievances redressal cell system at its head office Bangalore with helpline toll free number 1800 425 5654. The nature of customer grievances that would be addressed by AKMI will include:

1. Staff behavior
2. Charging of interest higher than stipulated rate

Ombudsman Report as on during Financial Year 2013-14"

The Ombudsman report- The details are as follows

Total calls/written communication received - 827

Written application received -1

Solved – 817 (828-11)

Pending -Nil (General Matters)

Insurance claims pending for settlement during reporting period -11

SL No	Particulars	Nature of Calls- Grievances
1	General Matters	<ul style="list-style-type: none"> ➤ Savings Schemes ➤ ATM card problem ➤ Staff punctuality at center meeting/s ➤ Staff behaviour ➤ Branch details ➤ About formation of new groups ➤ Loan waiver ➤ Pension amount payment ➤ Accident insurance to Borrower ➤ Medi claim
2	Loan Matters	<ul style="list-style-type: none"> ➤ Sanction delayed due to CB data sharing by concerned MFI/s ➤ Loan denied without reason ➤ NOC given by Customer, but loan disbursement Pending ➤ Loan Application sanctioning status ➤ Quantum of loan ➤ Disbursement pending ➤ Loan applications not collected from the members ➤ Loan Renewal ➤ Loan amount not credit ➤ Loan amount short credited ➤ Enquiry about individual/ fresh loan ➤ Education and home Loan ➤ Toilet construction Loan
3	About loan recovery	<ul style="list-style-type: none"> ➤ Repayment schedule ➤ Repayment by other members ➤ Premature closure ➤ Staff forcing for double repayment ➤ Repaid not credited to loan ➤ Not responding properly ➤ Group problem for repayment in center meeting, ready to repay at branch
4	Insurance matter	<ul style="list-style-type: none"> ➤ Insurance matter – settlement pending

Other than microfinance:

- ❖ Multi-disciplinary health camps in communities.
- ❖ Vocational training
- ❖ Local community development projects
- ❖ Facilities for ANGANAWADI and Government Schools like water drums, furniture, mats food storage
- ❖ Distribution of free note books to students in village areas and urban areas.
- ❖ Blood donations camps.
- ❖ Flood relief activities.
- ❖ Financial literacy campaigns.
- ❖ Distribution of saplings from forest Dept to clients.
- ❖ Primary educational services.

Awards and Recognition of AKMI members during FY 2013-

1. Client Protection Certification by Smart Campaign

- Ujjivan Financial Services Pvt Ltd
- Grameen Financial Services Pvt Ltd



2. MIX-2013, Socially Transparent And Responsible MFI Award

- Ujjivan Financial Services Pvt Ltd
- Grameen Financial Services Pvt Ltd



3. Seal of Transparency Award

- Janalakshmi Financial Services Pvt Ltd
- Grameen Financial Services Pvt Ltd
- Ujjivan Financial Services Pvt Ltd



4. Truelift Certificate - Grameen Financial Services Pvt Ltd



5. India's Best Company to Work for 2014 - Ujjivan Financial Services Pvt Ltd

6. Innovator in Responsible Business Category- Ujjivan Financial Services Pvt Ltd

7. Code of Conduct Assessment (COCA) Rating - Grameen Financial Services Pvt Ltd

8. Skotch Financial Inclusion and Deepening Award 2014 under Merit - Chaitanya Fin Credit India Pvt Ltd.

9. Citizen Extraordinaire Award by Rotary Club, Bangalore- Smt. Vinatha M Reddy, Chairperson, Grameen Financial Services Pvt Ltd



10. XLRI (who have made a difference to the life of the poor by linking finance to livelihoods)- Janalakshmi who have made a difference to the life of the poor by linking finance to livelihoods

11.. GIRS (GIIRS rating is awarded across the world for impact on community and backed by Clinton initiative)- Janalakshmi GIIRS rating is awarded across the world for impact on community and backed by Clinton initiative.





M.S. KAMATH & ASSOCIATES

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S OPINION

Report on the Financial Statements

We have audited the accompanying financial statements of **"ASSOCIATION of KARNATAKA MICROFINANCE INSTITUTIONS"**, ("the Society"), which comprise the Balance Sheet as at 31st March, 2014, the Income and Expenditure Account and the Receipts and Payments Account 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 Society's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance. 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 the 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 the internal control relevant to the Society'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 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.

1 | Page



203, 2nd Floor, 'Lucky Paradise', 8th 'F' Main, 22nd Cross, (Opp. ICICI Bank Ltd.)
3rd Block, Jayanagar, BANGALORE - 560 011, Ph : 080 - 4099 0009, 2244 6668, 2663 0772, Fax : 080 - 2653 1448
Mobile : 88800 44888, 94484 81850 e-mail : m.s.kamath.ca@gmail.com

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Society as at 31st March, 2014;
- (b) in the case of the Income and Expenditure, of the excess of income over expenditure of the Society for the year ended on that date;
and
- (c) In the case of the Receipts and Payments Account, of the receipts and payments, for the year ended on that date

Report on Other Requirements

We further 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 have been kept by the Society so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Income and Expenditure Account and the Receipts and Payments Account dealt with by this Report are in agreement with the books of account.

For **M. S. KAMATH & ASSOCIATES**

Chartered Accountants,
(Firm's Registration No: 001706S)



M. S. KAMATH FCA
(Proprietor) M.No:022529

Place : BANGALORE
Date : 27-05-2014

ASSOCIATION OF KARNATAKA MICROFINANCE INSTITUTIONS Avalahalli, Anjanapura post, JP Nagar 9th Phase, Bangalore-560062 BALANCE SHEET AS AT 31-03-2014					
Liabilities	Schedule	Amount ₹	Assets	Schedule	Amount ₹
CORPUS FUND			FIXED ASSETS		
Opening Balance		577000	Gross Block	1	90801
Add:- Received during the year		0	Depreciation Reserve		58514
			Net Block		32287
GENERAL FUND			CURRENT ASSETS		
Opening Balance		28789	Cash-in-hand		1118
Less:-Excess of Expenditure over Income		59609	Cash-at-Bank		174011
			Fixed Deposit with Bank		350000
CURRENT LIABILITIES & PROVISIONS					
Audit fee payable					525129
Total			Total		557416

For and on behalf of ASSOCIATION of KARNATAKA MICROFINANCE INSTITUTIONS

As per our report of even date
For M.S. KAMATH & ASSOCIATES
Chartered Accountants

(Firm Registration No. 001706S)



M.S. KAMATH
Proprietor
M.No:022529
Date: 27-05-2014
Place: BANGALORE

SAMIT GHOSH
Chairman

ANAND RAO
Treasurer

RADHAKRISHNAN V.S.
Secretary

ASSOCIATION of KARNATAKA MICROFINANCE INSTITUTIONS

AVALAHALLI ANJANAPURA POST, BANGALORE-560062

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2014

EXPENDITURE	Amount ₹	INCOME	Amount ₹
Bank Charges	156	Interest received form Banks	53128
Depreciation	33864	Contribution from Members	1505000
Financial Literacy Programme Expenses	161693	Memebrrship Fees	110000
Honorarium/Salary	986000	Financial Literacy Programme Contribution	200000
Office Maintenance	4684	TV Programme contribution	294600
Internet Data Charges	20739	Interest received on FD	15926
Meeting Expenses	22322	Financial Literacy Programme Fund Received	90000
Membership Fee Paid	15730	<i>Excess of Expenditure over Income</i>	
Computer Maintenance Expenses	1200	<i>transferred to General Fund</i>	59609
Printing & Stationary	57426		
Professional & Consultancy Charges	14742		
Telephone Expenses	38521		
Travel & Lodging Expenses	138633		
TV programme Expenses	772486		
Workshop/Seminar Expenses	23182		
Rates & Taxes	18907		
Website Charges	6742		
Audit Fee	11236		
Total	2328263	Total	2328263

As per our report of even date

For M.S. KAMATH & ASSOCIATES

Chartered Accountants

(Firm Registration No: 001706S)

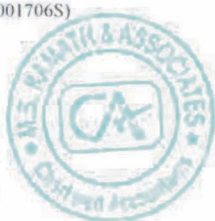


M.S. KAMATH

Proprietor

Date: 27-05-2014

Place: BANGALORE



For and on behalf of ASSOCIATION of KARNATAKA MICROFINANCE INSTITUTIONS



SAMIT GHOSH

Chairman



RADHAKRISHNAN V.S

Secretary



ANAND RAO

Treasurer

ASSOCIATION of KARNATAKA MICROFINANCE INSTITUTIONS													
SCHEDULE - 1 FIXED ASSETS													
	PARTICULARS	Annual Dep	COST			DEPRECIATION				NET BLOCK			
			As at 1.4.2013 ₹	Additions ₹	Deductions ₹	As at 31.3.2014 ₹	As at 1.4.2013 ₹	For the year ₹	Withdrawal ₹	As at 31.3.2014 ₹	As at 31.3.2013 ₹		
1	FURNITRE & FIXTURES	10	5301	0	0	5301	1007	429	0	1436	3865	4294	
2	OFFICE EQUIPMENTS	15	10400	0	0	10400	2223	1227	0	3450	6950	8177	
3	COMPUTERS	60	25500	49600	0	75100	21420	32208	0	53628	21472	4080	
			41201	49600	0	90801	24650	33864	0	58514	32287	16551	



ASSOCIATION of KARNATAKA MICROFINANCE INSTITUTIONS
 AVALAHALLI ANJANAPURA POST, BANGALORE-560062
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31.03.2014

Receipts	Amount ₹	Payments	Amount ₹
Opening Balance			
Cash	1488.00	Bank Charges	156.00
Bank	596739.00	Financial Literacy Programme	1,61,693.00
Membership Fee Received	110000.00	Internet Charges	18,189.00
Contribution from Members	1505000.00	Internet Data charges	2,550.00
Interest received on SB accounts	53128.00	Meeting Expenses	22,322.00
Financial Literacy Programme Fund received	90000.00	Membership Fee -Paid	15,730.00
TV Programme Contribution	294600.00	Office Maintenance	4,684.00
Financial Literacy Programme Contribution	200000.00	Computer Maintenance Expenses	1,200.00
Interest received on FD	15926.00	Printing and Stationery	57,426.00
		Professional & Consultancy Charges	14,742.00
		Salary Expenses	9,86,000.00
		Telephone Expenses	38,521.00
		Travelling and Lodging Expenses	1,38,633.00
		TV Programme Expenses	7,72,486.00
		Rates & Taxes	18,907.00
		Website Charges	6,742.00
		Work Shop / Seminar	23,182.00
		Fixed Deposit with Bank	3,50,000.00
		Computers	49,600.00
		Audit Fees Payable	8,989.00
		Closing Balance	
		Cash	1,118.00
		Bank	1,74,011.00
Total	28,66,881.00	Total	28,66,881.00

As per our report of even date
For M.S. KAMATH & ASSOCIATES
 Chartered Accountants
 (Firm Registration No: 001706S)

M S KAMATH
 Proprietor
 M.No:022529
 Date: 27-05-2014
 Place: BANGALORE



For and on behalf of ASSOCIATION OF KARNATAKA
 MICROFINANCE INSTITUTIONS

SAMIT GHOSH
 Chairman

RADHAKRISHNAN V.S
 Secretary

ANAND RAO
 Treasurer

ASSOCIATION OF KARNATAKA MICROFINANCE INSTITUTIONS

Annexure to Balance sheet and Income & Expenditure account

NOTES ON ACCOUNTS :

1. 'Association of Karnataka Microfinance Institutions' is a non – profit organization and is registered under Karnataka Society's Registration Act 1960 vide registration no: 77/2007-08 dated 19th November 2007.
2. The Society is registered under section 12A of the Income Tax Act, 1961 vide certificate no: DIT (E) BLR/12A/A-1162/AABAA1030G/ITO (E)-1/Vol 2009-10 dated 23rd July 2009, and has been granted tax exemption with effect from 1st April 2008 in the status of 'Charitable Trust'. Approval under section 80G(5)(vi) of the Income Tax Act 1961 has also been granted with effect from AY 2009-10 onwards. Hence donations made to the Society are deductible under section 80G in the hands of donors subject to the limits prescribed therein.

3. SIGNIFICANT ACCOUNTING POLICIES:

a) BASIS OF ACCOUNTING :

The accounts are prepared to comply in all material aspects with applicable accounting 'principles in India. The Society generally follows mercantile system of accounting and recognition of income and expenditure on accrual basis.

b) FIXED ASSETS:

Fixed Assets have been stated at written down value less depreciation.

c) DEPRECIATION:

Depreciation has been provided on written down value of the assets at the rates prescribed as per the Income Tax Act, 1961 as applicable for the current financial year

For and on behalf of ASSOCIATION OF KARNATAKA
MICROFINANCE INSTITUTIONS



SAMIT GHOSH
Chairman

RADHAKRISHNAN V.S
Secretary

ANAND RAO
Treasurer

Date: 27-05-2014

Place: BANGALORE

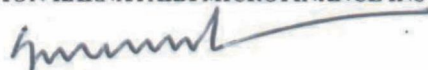
ASSOCIATION of KARNATAKA MICROFINANCE INSTITUTIONS

AVALAHALLI, ANJANAPURA POST, BANGALORE-560062

TRIAL BALANCE AS ON 31.03.2014

Sl No.	Particulars	Debit	Credit
1	Corpus Fund		577000.00
2	General Fund		28789.00
3	Furniture & Fixtures	5301.00	
4	Computers	75100.00	
5	Office Equipments	10400.00	
6	Depreciation reserve for Computers		53628.00
7	Depreciation reserve for Furniture & Fixtures		1436.00
8	Depreciation reserve for Office Equipments		3450.00
9	Audit Fee Payable		11236.00
10	Cash-in-hand	1118.00	
11	Bank Accounts	174011.00	
12	Fixed Deposit with Bank	350000.00	
13	Interest received on SB accounts		53128.00
14	Interest received on FD		15926.00
15	Contribution from Members		1505000.00
16	Membership Fees		110000.00
18	Financial Literacy Programme Contribution		200000.00
19	Financial Literacy Programme Fund Received		90000.00
20	Audit Fee	11236.00	
21	Bank Charges	156.00	
22	Depreciation	33864.00	
24	Computer Maintenance Expenses	1200.00	
25	Internet / Data Charges	20739.00	
26	Financial Literacy Programme Expenses	161693.00	
27	Honorarium/Salary	986000.00	
28	Meeting Expenses	22322.00	
29	Membership Fee Paid	15730.00	
30	Office Maintenance	4684.00	
31	Printing & Stationary	57426.00	
32	Professional & Consultancy Charges	14742.00	
33	Telephone Expenses	38521.00	
34	Travel & Lodging Expenses	138633.00	
36	TV Programme Expenses	772486.00	
37	TV Programme contribution		294600.00
39	Rates & Taxes	18907.00	
40	Website Charges	6742.00	
41	Workshop/Seminar Expenses	23182.00	
	TOTAL	2944193.00	2944193.00

For and on behalf of
ASSOCIATION KARNATAKA MICROFINANCE INSTITUTIONS



SAMIT GHOSH
Chairman



ANAND RAO
Treasurer



RADHAKRISHNAN V.S.
Secretary

Regulations, which changes during the year 2013-14

SI No	Circular Dates	Circular details
1	31 st May 2013	Modifications in Pricing of Credit- Margin Cap
2	01 st July 2013	Master Circular – Introduction of New Category of MFIs
3	26 th Nov 2013	MFIN recognised as Self Regulatory Organisation (SRO) for NBFC-MFIs
4	27 th June 2014	Targets and classifications- Bank loans to MFIs for an Lending Amendment in Income Generation Criteria
5	07 th Feb 2014	Modifications in Pricing Credit
6	12 th Mar 2014	Priority Sector Lending-Targets and Classification-Bank loans to MFIs for on-lending pricing criteria

NBFC- MFIs Recognition to AKMI members by RBI

SI NO	AKMI members recognized as NBFC-MFI by RBI
1	BASIX
2	BSS Microfinance Pvt Ltd
3	Chaitanya Micro Credit India Pvt Ltd
4	Equitas Micro Finance Pvt Ltd
5	Future Financial Services Ltd
6	Grameen Financial Services Pvt Ltd
7	IDF Financial Services Pvt Ltd
8	Janalakshmi Financial Services Pvt Ltd
9	Madhura Micro Finance Ltd
10	Navachetana Microfin Services Pvt Ltd
12	Nirantara Community Services
13	Rors Financial Services Pvt Ltd
14	Samasta Micro Finance Ltd
15	SKS Microfinance Ltd
16	Spandana Spoorthy Financial Ltd
17	Ujjivan Financial Services Pvt Ltd

AKMI MEMBERS



ASSOCIATION OF KARNATAKA MICRO FINANCE INSTITUTIONS

Avalahalli, JP Nagar, 9th Phase, Anjanapura Post, Bangalore - 560108.

Tel: 080-28436237 | Fax: 080-28436577 | E-mail: info@akmi.in

www.akmi.in