

ANNUAL REPORT

(Financial Year : 2008-09)



DRISHTEE FOUNDATION

Communicating ICT & Development

Registration Number : S/45468

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1. MESSAGE FROM THE PRESIDENT

Dear Members!

It is my pleasure to present in front of you the Annual Report of another exciting year of progress for Drishtee Foundation. With the financial crisis looming large on the horizon, we took a backseat on fund raising and focused on stability of operation and scaling up of the Micro Finance project. The organisation has built stronger relationships in the space and expects several of these to come to fruition within the coming financial year. As you glance through the pages and reach to the financial statements, it would come to your notice that due to exchange rate fluctuation, funds raised for Micro Financing have notionally become costlier. We may need to encourage local fund raising to minimise external risk. On the Government front, we are in active discussion with the state and central government for the SGCY (Special) projects. Due to its focus on capacity building and livelihood generation for the marginalized sections of the community, it gels very well with the overall Mission of Drishtee. In addition to the SGSY projects, the MoRD (Min of Rural Development) has also invited Drishtee Foundation as a stakeholder for the PURA (providing urban amenities in rural areas) project. The Project is famous for its origins in the vision of Ho'ble Former President of India, Dr. Abdul Kalam.

With the platform in place, we seek your continued support for creating a larger impact in rural areas. The urgency to reach out to the marginalised communities continues unabated and we promise a very exciting year ahead.

Thanks

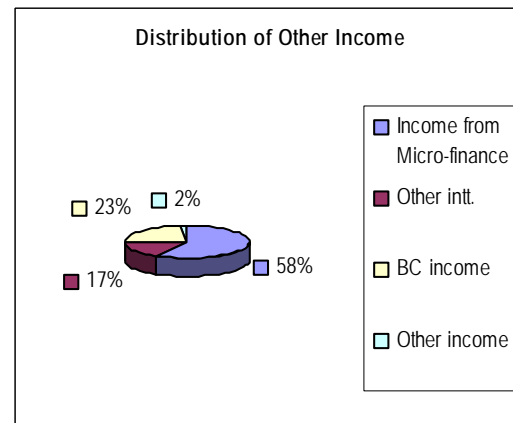
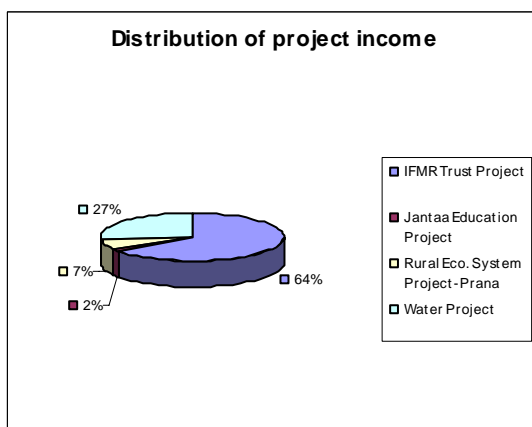
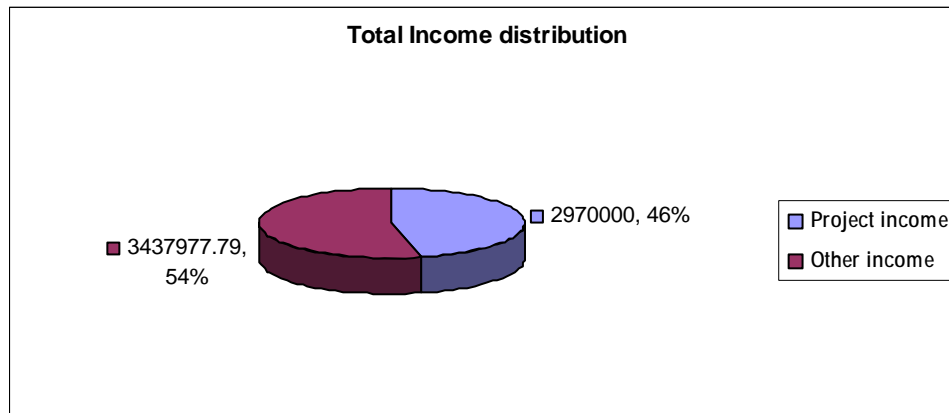
Mamta Mishra

(President, Drishtee Foundation)

2. Annual Summary

Performance at a glance

During the year gross revenue/income from its activities was Rs. 64.08 Lacs /- against Rs. 125.36 lacs during the last year. Please refer to the charts below for clear understanding of the components of revenue and their share of contribution :



A brief Overview

During the last year, we focused mainly on growing our initiative with special format of Individual Lending and financial inclusion with support of our banking partners. We have been able to stabilize the model of providing micro-credit to the rural micro-entrepreneurs for various business activities. Moreover, in the area of financial inclusion, we are making efforts to strengthen the financial activities in the rural areas by enhancing access.

As it has been recorded in our earlier report, that to promote the agenda of financial inclusion, Drishtee Foundation has partnered with the banks like the State Bank of India (SBI) and HDFC Bank as Business Correspondent. The society did not have major new projects and as a result you will see dip in the project income but you will note the income from micro-finance activities has significantly gone up. The society has to suffer deficit on account of foreign exchange fluctuation to the tune of Rs. 32.28 and Commission expenses of Rs. 11.00 Lacs. An analysis of financial will reveal that we have been able to control administrative and manpower expenses despite inflationary tendencies by rational decisions. Micro-finance is at its infancy stage and the management is upbeat that it will be driver for future activities and revenue model of Drishtee foundation. Through this we are sure, there is an immense potential to support more and more number of rural entrepreneurs in increasing their livelihood generation capacity thereby improving their quality of life.

Above all this, we could also accomplish some very critical projects with a long term focus on our objective of "Connecting and Communicating with Communities". The projects have been discussed in the following segment.

3. Project Report

Micro Credit for Education – Partner : Jantaa

Background

Jantaa education loans were designed to provide village students with a low-interest loan alternative to pursue primary and vocational education. Drishtee is a rural development company that provides access to essential services like micro-finance to people in rural India. Drishtee's network of over 4,200 rural entrepreneurs or franchisees spread across 10 states in India helps in disseminating these services to the remotest corners of the country.

We selected a total of 22 Drishtee Franchisees in four states –Assam, Uttar Pradesh, Bihar and Haryana, to implement this pilot. Each one of these Drishtee Franchisees was provided training on the loan product and the loan disbursement and repayment processes prior to program commencement.



A rural outsourcing center was set up in two places – Haryana and Assam, to provide back-office support to process the student loans. Armed with a toll free number (1800-11-LOAN), this call center provided the details of the loan to the borrowers and processed loan applications in two languages – Hindi and Assamese.

A total of 98 loans were distributed through this effort with an average loan size of INR 9,000.
Loan Product

During the pilot study, three different loans were offered: Rs 4,000, Rs 8,000, and Rs 12,000.

Each one of them had an interest of 1% p/m(declining). The time period of the loan varied from 12 to 36 months.

Next Steps

In the next stage of Jantaa Education loans we will leverage Drishtee's micro-finance processes to disburse loans in Bihar and Assam. These loans will focus on providing vocational education, like basic computer skills, how to use accounting software etc., to borrowers.

Rural Eco-System Building - Partner: Prana- Stiftung Foundation

Progress Status Report (as on 31st May, 2009)

Drishtee Foundation initiated the Rural Ecosystem Project “*Development of sustainable micro-enterprises in education, health and financial services*” in February 2009; to benefit communities in selected areas of rural India. The project aims to set-up 20 Drishtee Service Kiosks in rural location, providing villagers affordable services near home for their well-being; and self-employment to Kiosks entrepreneurs for sustained livelihood. The catchment area for each Service Delivery node - kiosk, include all villages in its Gram Panchayat. Gram Panchayat (GP) is a cluster of 4-5 villages, with population of around 8,000 to 10,000.

Project Locations:

The project locations selected in the rural areas from the states of Uttar Pradesh and Bihar (India) were as follows:

1. Farah Block (Mathura District, Uttar Pradesh)
2. Gonda Block (Aligarh District, Uttar Pradesh)
3. Rahika Block (Madhubani District, Bihar)



Farah Village Market

The various types of Service Kiosks which Drishtee helps the local entrepreneur to set up are as follows:

Education Service Kiosk/ Franchisee

The primary focus of the Education services through Drishtee's Education Kiosks is to develop skills of rural youths for increasing their employability and self employment, through affordable and high-quality education courses on Computer and English. The Education kiosks, owned and managed by the rural educated youths, delivers the following services:

- *Computer Education:* Well-structured and certified courses for computer education for rural youth and school-going children. Courses ranging from basic to advance level (course duration 1 to 6 months as well as 1 year programs) are being delivered to a wide range of learners in Drishtee Centers across various states in India.
- *English Education:* To help develop proficiency in English Education, for children/youths in villages who are poor in English. Such courses can help youths to find better jobs in cities. Drishtee has developed the required courses especially for the rural areas in support from CEEP.



Entrepreneur: Anil Gupta (Bhanyam GP - running Financial Services); Virender Singh (Parkham GP – Owns Education Franchise)

Health Services Kiosk/ Franchisee

Health Kiosk is centered on doctor's visits (weekly), and being owned and managed by rural health entrepreneurs (females) who have previous experience in basic health care and family planning services. The Health kiosks delivers the following services:

- *Doctor's Consultation:* Weekly consultations (once a week) to patients in the village.
- *Timely Diagnostics:* Non-invasive diagnostics / tests – for blood sugar, blood pressure, temperature, malaria, pregnancy, etc., using diagnostic kit.
- *Health & Hygiene products:* contraceptives, mosquito repellents, infant-care products, etc.
- *Referral Point:* Refer specialized cases/emergencies to specialists/doctors and hospitals in the nearby towns/districts.



Diagnostic Kit for Health Kiosk



Indira Devi (Mirzapur GP) Health Entrepreneur

Financial Services Kiosk/ Franchisee

Drishtee's Financial Kiosk helps to improve financial inclusion for rural communities. The Financial kiosks, owned and managed by rural educated entrepreneur from community, primarily dedicated to business provision, will act as a Branch-less Bank for delivering the following services:

- *Savings Bank:* Allows for Bank Account opening and transactions.
- *Loan Provisions:* For business loan, crop loan, agri loan, tractor loan, etc.
- *Insurance:* Provision of policies for Life and Non-life insurance.



Sher Singh (Therawali GP) Finance Entrepreneur



Saddam Hussein (Farha GP) Finance Entrepreneur

Next Steps

The following activities have been planned for the remainder of the project period:

1. Community Sensitization – on quarterly basis, to reach all villages in the GPs.
2. Service Customization – based on need/demand estimation .
3. Capacity Building – continuous skill improvement of Kiosk Entrepreneurs for better service delivery.
4. Promotion – on continuous basis along with Kiosk owners, to reach more, using locally relevant media/tools.
5. Supply-Chain Linkages – continuous improvement through Drishtee's District Office, and improving on the constrains faced and feedback from Kiosks.
6. Business Modeling – at the end of project period, develop a sustainable business model for scaling up and replication in other areas.

Capacity Building for Individual Micro-Credit – Partner: IFMR

Introduction

This pilot action research project, supported by the IFMR trust, aims to advance the mission of universal financial inclusion and improve the availability of financial services to the low income households, by disbursing micro-loans to individuals for enterprise development, training kiosk owners, developing the process for individual loan disbursement and capacity building. The project is to be implemented between April 2008 and March 2009. This quarterly report describes the progress of the project activities between April 2008 and June 2008 and it also consolidates the intended future plans for the next quarter (July 2008-September 2008). The details are given below

Summary

This project is an action research project aiming at researching and designing a rural network through which the loans could be disbursed to the individuals for developing their micro enterprises, providing trainings to the kiosk owners and the executives at the fields and at the head office for capacity building of the channel and the process.

Drishtee Foundation's Microfinance Project has been progressing as planned, with a lot of the key objectives having been met or in the process of being met.

Some of the highlights are:

Presence

DF has marked its presence in 3 districts namely Sitapur, Sultanpur and Sonitpur in the two states of Uttar Pradesh and Assam. This action research project was intended to be implemented on 40 kiosks in the above two states. By the end of the first quarter, we have already included 30 kiosks for microfinance activities and soon they will be scaled to 40 to meet the project criteria.

Disbursement

DF has disbursed over Rs. 23 lakhs till June end, with the number of borrowers exceeding the 300 mark. The demand for loans is much higher than expected in the field, as indicated by kiosk owners asking for more loans to be sanctioned per kiosk. The number gets restricted by the fact that the loan disbursement process includes certain checks/filters. Moreover, this project is in a pilot phase, so until the internal processes are well developed the number of loans approved cannot be increased drastically. Also, a round of discussion is going on for increasing the amount per loan as DF has already increased from Rs 5000 to Rs 10000 and now further consideration is for Rs 15000. The challenge would lie in the fact if out targeted group changes with the change in the amount disbursed per loan. Some research has also been pointed in this direction and the trend is expected to explain it as and when the project progress to the year end.

Repayment Rate

The repayments for the loan amount are collected in the form of monthly installments and Till date DF is been receiving all its scheduled EMI's on time, which indicates its 100% recovery to date.

Internal team Strengthening

In order to have proper monitoring and processes in place DF has increased its full time employees from two to ten. They have been recruited, trained for microfinance operations, followed by frequent brainstorming

sessions. They were taken for a field visit, introduced to the MFEs and to a few kiosk owners in order to have first hand experience in field operations.

Status Update

Research

During the first six months of the pilot, DF has accumulated a wealth of data on borrowers' average incomes, payment histories, and business size and types. This will enable us to develop the right metrics in the coming months.

Social Research and Product R&D

DF has conducted a baseline survey, collected data for a random sample of 120 potential borrowers, and fed them into a database that can be used for further study and expansion of the pilot. A similar survey would be repeated at the time of completion of the pilot phase. This would help in researching the impact the loan amount had on their economic activities, income and thereby on their social aspect. DF plans to conduct a regular feedback survey, asking the level of satisfaction and the problems incurred in the giving the loans from the kiosk owners and the MFE in the specific regions.

Baseline Survey

DF took a random sample of 120 borrowers surveyed across the three districts (Sitapur, Sonitpur, Sultanpur). The data is entered into SPSS, and is in the process of verification. We are enclosing some details of the districts of U.P. state as the Sonitpur data is still under verification.

The statistics and figures are being shared in the form of charts and graphs in the annexure.

Processes

In collaboration with Micro save, DF has completed a preliminary round of process mapping and will be going for finalization of the same in the coming months.

Content Development & Training Design

DF has developed training modules for its Microfinance Executives and Kiosk Owners and has gathered in-house capability for delivering the training.

Micro Credit

Sitapur, Sultanpur and Sonitpur

CAT B

No. of Borrowers
894

Loan Disbursed 2008-09
73,65,000.00

Repayment Received 2008-09
73,19,811.00

CAT A

No. of Borrowers
1193

Loan Disbursed 2008-09
2,24,05,000.00

Repayment Received 2008-09
44,59,126.00

UP, Haryana and Assam

Banking for Financial Inclusion - Partner : SBI and HDFC Banks

Total Customers : 14,000

Total Income 7,75,819.00

BC Location

Sultanpur, Fatehabad, Kamrup, Darrang, Sonitpur, Golathat, Morigaon

BF Location

Sultanpur, Sitapur, Sonitpur, Nagaon, Golaghat, Sibsagar, Dhubri, Lakhimpur, Barpeta, Cachar, Dibrugarh, Jind, Kaithal, Karnal, Morigaon, Meerut, Muzzafar Nagar, Shahjahanpur, Tilsukia, Mathura, Moradabad, Iglas, Agra, Kannauj, Kanpur Dehat, Farrukhabad, Panipath, Sonipath, Hissar, Fatehabad, Darrang, Kamrup, Golpara, Manipur

HDFC BC

Total Income 28,010.00

Location :- Bareilly

Total customers: 550

About 1000 transactions

4. Our Partnerships

Drishtee:

Drishtee is our main partner and a closely associated for-profit, globally recognized as a path-breaking model of a social enterprise. It provides access to essential services like micro-finance, health and education to rural people in India. Drishtee delivers these services through a network of over 11,000 rural entrepreneurs and franchisees spread across 10 states in India.

State Bank of India, SBI:

The Government of India nationalised the Imperial Bank of India in 1955, with the Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India, SBI in short. In 2008, the Government took over the stake held by the Reserve Bank of India.

SBI provides a range of banking products through its vast network in India and overseas, including products aimed at NRIs. The State Bank Group, with over 16000 branches, has the largest branch network in India. It has a market share among Indian commercial banks of about 20% in deposits and advances, and SBI accounts for almost one-fifth of the nation's loans.

Drishtee Foundation has a Tripartite arrangement of Implementation of Business Correspondent (BC) Model – as a BC of SBI, for ensuring the reach of the financial services to the rural masses. In this process, DF has also promoted the facilitation of a wide range of banking services to the rural customized including Savings accounts, loans etc., leveraging on the wide network of Drishtee entrepreneurs reaching out to more than 11000 customers in its second year of operation with SBI.

HDFC Bank:

HDFC Bank Ltd. (BSE: 500180, NYSE: HDB) is a commercial bank of India, incorporated in August 1994, after the Reserve Bank of India allowed establishing private sector banks. The Bank was promoted by the Housing Development Finance Corporation, a premier housing finance company (set up in 1977) of India. Drishtee Foundation has entered into a tripartite agreement with Drishtee, itself and HDFC committing its resources and efforts for financial inclusion, keeping in mind the need of the service in the rural areas. Presently, the service is being provided only in Bareilly district of Uttar Pradesh with a small customer base, but has a lot of potential to grow further.

Jantaa:

Prana- Stiftung Foundation:

IDRC: International Research and Development

A Crown corporation, IDRC is guided by a 21-member, international Board of Governors and reports to the Canadian Parliament through the Minister of Foreign Affairs. IDRC in India is taking ahead its mission of 'Empowerment through knowledge' through funding of applied research, by providing expert advice for research and also by facilitating or directly engaging the various stakeholders for building local capacities to innovate and implement. Drishtee Foundation has partnered in the past as well as in the past financial year with IDRC on various major and minor fronts enhancing the opportunities for local capacity building and exchange in various fields, especially for Drishtee Foundation's telecentre support initiatives.

5. Volunteers

Our work focuses at the grass root level, and that, we believe, is the core strength of our operations and implementations till now. We have therefore also received the keen attention and direct time or expertise contributions from various persons and/or organizations in the earlier as well as the last financial year.

In the last financial year, Drishtee Foundation could have the opportunity of having volunteers working for us from Allen & Overy (well-acclaimed law firm) through Challenges World Wide; Michigan University, USA, from their MAP program; a group of professionals in the YLP program of Global Institute for Tomorrow (GIFT)

affiliated to the University of Hong Kong. Many others have directly and indirectly volunteered and contributed not only at the Management level but also on the field as a workforce member or as a rural volunteer from the Rural community itself.

Drishtee Foundation engages best of professionals (on a pro-bono basis) as well as other volunteers dedicated to the cause, for various contributions in terms of time, expertise, donations and short-term, medium-term or long-term assignments. Please email us at info@drishteefoundation.org for further information and understanding on this option of involvement with us.

6. Our Publication: Ek Naya DrishteeKon (in Hindi)

Drishtee Foundation has been regularly publishing Monthly Hindi Magazine Ek Naya DrishteeKon since September 2005. Aimed at providing infotainment to the rural masses, DrishteeKon has a vast readership irrespective of class and sect. This RNI registered magazine also provides a platform to the rural masses where they can send in their contents, ranging from various topics, and get them published. The magazine has been publishing social, economical, political, developmental and health related issues since its inception. The year 2008-09 was a prosperous year in the history of this magazine where a lot of changes took place in the layout, designing and content format. 12 monthly issues highlighting various cover stories were published from April 2008 to April 2009. The topics highlighted in the cover stories were "Retail revolution in India (April 2008), The world of internet (May 2008), Women empowerment in rural India (June 2008), Changing face of banking in India (July 2008), The menace of Divorce (August 2008), Child adoption and its status in India (September 2008), Natural disasters: causes and impact (October 2008), The market of Micro-credit in India (January 2009), Consumer market and technology (February 2009), Life of Villagers (March 2009) and The strength of 'right to vote' in democracy (April 2009). All the issues and stories published in the magazine are available at <http://www.drishteefoundation.org/drishteeKon/main.asp>.

7. Our Governance-SPARC

S-Self Belief

P- Passion

A- Accountability

R- Respect

C- Commitment

8. Governing Body

The governing body overlooks the functions by giving strategic directions to the Executive team and the senior management.

Mamta Mishra, President

She is a committed and innovative lady hailing from an educated middle class family, which has its roots in a small village in Bihar (India). She holds a BA degree (Honours in Hindi) and possesses an outstanding level of expertise and experience in the fields of social entrepreneurship. She is fifty-plus but still bubbling with energy and creativity to bring in a positive change in the rural sectors through the ICTs.

Nitin Gachhayat, Vice-President

Co-founder and Strategic thinker, Nitin has been mainly involved with the functional teams responsible for developing new services and applications for rural India that can then be sold through Drishtee and other kiosk networks. He did his Masters in Business Administration from FORE School of Management and also has a vast working and learning experience with him.

Swapna Mishra, General Secretary

She joined Drishtee Foundation in 2003 to combine her social passion with her IT work experience. She has worked on various projects since last 4 years related to Women Entrepreneurship Promotion with various partners of Drishtee, like Nike Foundation, IFC, DFID etc.

Shailesh K Thakur, Treasurer

A Financial Management Consultant to the Organization; Director of Drishtee; Has a key role in e-governance initiatives and Right to Information (RTI) related inclusion programs of the organization

Satyan Mishra, Member

An Ashoka Foundation Fellow and Drishtee's Managing Director, Satyan has an extensive experience in creating and implementing sustainable micro enterprise models. Satyan takes a lead role in streamlining Drishtee Foundation's role in facilitating the values through social enterprise approach and creating a platform for economic and social empowerment of marginalized communities and populations.

Meenu Mishra, Member

Former Secretary and a dynamic member of DF. She has joined the organization's Governing Body being one of the Founder Members and also because of her specific social and networking related background.

Chandan Kumar, Member

Has played a key role in initiating the Need Assessment Surveys of the districts and establishing linkages with the government while sensitizing the local administration and the government towards ICT implementations.

9. Success Stories: Our Impact

Borrower (Sultanpur)



Borrower (Sultanpur)

Name: Phoolchand

Loan Size: Rs 5000

He started his small " chaatstall" with this amount. He had a roadside stall of ice-candies (chuski), but due to change in weather he needed some money to transfer from his existing business to a food-stall. He applied to Drishtee for the loan and started his new stall. he is generating enough income to pay back the installments in time and he is happy to have that loan amount at the right time, which saved him from the losses, he could have incurred due to the insufficient capital at the time of transformation.

Name: Geeta Devi

Loan Amount: Rs. 5000



Borrower (Sitapur)

Name: Anil Kumar

Loan Amount: Rs. 5000



He has a small stall for locks and other utility items. He invested the amount for buying some stock for his shop. He says that he is happy that he got this small amount of loan so easily and at easy payable interest amount.

10. Financials of DF

An audited annual financial statement and independent auditor's report on the same is given in this report as annexure. The notes on the accounts and comments of the auditors are clear and self explanatory.

11. Our Bankers

- HDFC Bank Ltd., Near Mata Ka Mandir, New Friends Colony, New Delhi
- HDFC Bank Ltd., Ansal Fortune Arcade, K-Block, Sector-18, NOIDA-201301 (U.P.)
- ICICI Bank - NOIDA
- State Bank of India, Noida, UP
- State Bank of India, Madhubani, Bihar
- State Bank of India, Sultanpur, UP
- State Bank of India, Sitapur, UP
- State Bank of India, Guhati, Assam

12. Our Auditors

M/s WDK & Associates, Chartered Accountants of D-50, Sarita Vihar, New Delhi- 110064 were appointed by the management. They concluded the audit well and have been retained by the management for next financial year too as auditors.

13. Statutory compliance:

We are continuously trying to evolve our processes and also closely monitor how we perform so as to keep a check on our compliance with the statutory liabilities. Our team tries its level best to complete its records and deliverables in order to fulfill all statutory compliances in time. We are glad that Drishtee Foundation has maintained its Registrations under Section 80G and 12A of the Income Tax Act, FCRA and RNI.

14. Acknowledgment

This is an opportunity to convey our sincere thanks to all the direct and indirect support that we received in bringing up the Foundation to where we stand today. We acknowledge the contributions of all the members, employees, bankers, consultants, volunteers, and all other stakeholders and partners for supporting our work. Your feedback is valuable, so please write back to us at mamta@drishteefoundation.org or response@drishtee.in

President

General Secretary

Treasurer