

I apologize for a prolonged period of silence. During the last four months there has been progress but not at the pace expected. But I am happy to report that we are now moving into the execution phase.

### **1. COMPANY FORMATION**

- Ujjivan Financial Services Private Ltd. was incorporated on December 28<sup>th</sup>, 2004.
- Deloitte Haskins & Sells agreed to be our Statutory Auditors on January 25<sup>th</sup>, 2005.
- The first board meeting was held on January 25<sup>th</sup>, 2004. Mr. K. R. Ramamoorthy, ex-CMD of ING-Vysya Bank and Corporation Bank was proposed by myself to be the Chairman, which he has kindly agreed. The others inducted into the Board are: Mr. Ravindra Bahl, M.D. ChrysCapital; Mr. Bhaskar Menon, President, Mphasis; Mr. Vijay Kumar Sood and Mr. Ajit Grewal both veteran bankers & Consultants. The appointment of the Statutory Auditors was approved among a plethora of administrative requirements.
- The Company's accounts will be opened this week with HDFC Bank and we start the process of raising the capital first from the domestic investors.

### **2. ORGANIZATION**

- We started the process of search in the last few months. Putting together the leadership team for such an organization is not easy. We are looking for professionals with the right orientation. We are pleased to report that Mr. Ajit Grewal is joining us full time as an Executive Director. He is an expert in risk management. We are closing the recruitment of the HR & Operations Managers. The HR professional has a number of years experience in the micro finance industry. The Operations head is highly experienced in retail banking operations. We have short listed candidates in other areas and will be finalizing in the next few weeks. One area we have drawn a blank is in the area of financial control.
- We have identified partners with whom we will be outsourcing non-core areas.

### **3. BUSINESS**

- We are starting market research with Delphi Research Services to understand our target customers: poor women in Bangalore & the suburbs and their environment. In retail banking parlance this is akin to the 'Usage & Attitude Study'.
- We will also undertake a survey of the organizations in the area who work with the poor and who are potential partners in our operations.
- In December we had a successful meeting with Nucleus Software at Noida to determine the suitability of their banking & retail lending software for Ujjivan.

#### **4. NEW POTENTIAL INVESTORS**

- We initiated dialogue with Bellwether, an institution set up in Hyderabad to make equity & debt investments in micro finance institutions.
- A major foundation in the U.S. indicated interest in participating in urban micro finance and with us in particular. We have made a presentation to their management team and hope to finalize in the next 60 days.
- We have, as of date, commitments of 26 individual investors totaling Rs.23.2 Million. Four institutional investors have indicated interest for capital and quasi – capital of Rs.30 Million.

#### **5. LEGAL & REGULATORY DEVELOPMENTS**

- In Delhi we met with Sa-Dhan, an association of micro finance institutions in India, in December. We understand that the Ministry of Finance is very keen to promote micro finance in a major way in India. The Finance Minister met with Sa-Dhan and has promised major changes in regulations possibly by this Budget. Our Mr. Vijay Sood met with senior officials in the Ministry in Delhi, who are involved in the initiative to promote micro finance and gave them our suggestions to remove the obstacles faced by micro finance institutions. It was well received.

We are in the final leg and in the process of putting in place a 90-day execution plan before we start operation.

Thank for your patient support.

Best Regards,

Samit