

1. ORGANIZATION

- Recruitment: We are in the process of recruiting 20 Customer Relationship Staff (field staff) and 3 Customer Relationship Managers (the supervisors/branch managers of MFIs) over the next six weeks. The initial teams will be working in Bangalore from July. We will repeat this exercise every quarter for the next 18 months.
- The Leadership Team is almost in place. The only two positions still open are Financial Control & Audit. We have identified a Financial Controller, who is likely to come on board in July. We have a number of very senior professionals who have joined us. Regardless of their previously drawn compensation of a high magnitude, their CTC here is capped at Rs.50 K per month till Ujjivan breaks even.
- Training: We have outlined the modules of the training program for the field team. We are working to put them in place in 6 weeks.
- Collaboration: We have initiated the process of tying up with Grameen Bank, as a replicator.

2. BUSINESS

- Technology: Radhakrishna, our CTO, visited Nucleus and has started the process of adapting the software for this business.
- Premises: We started our office from March 22nd, 2005 from one of Mphasis' offices. Needless to say, it is probably one of the fanciest offices an MFI has started their business from, in the world.
- Market Research: The research has started & today is our first briefing. It promises to shatter a lot of our initial pre-conceptions. An example: a vegetable vendor borrows Rs.450 from the financier at 5:00 a.m. in the morning & returns Rs.500 to him in the afternoon!
- Survey of Organizations working with the poor: The survey is continuing. We will identify the initial locations & organizations we will be working with, for our pilot project within this month.
- Product Management: We have started work on developing our initial product based on Grameen II adopted for this environment. This will go through significant changes as our market research progresses.

3. CAPITAL

- As of date, we have received share capital contribution of Rs. 12.2 Million out of the Rs.15.2 Million commitment by 17 domestic investors. The balance Rs.3 Million is expected in the next 30 days.

- We are working with Grameen Trust, S.I.D.B.I. and Bellwether for capital & long term low cost funding. We are working on a couple of other sources to meet our domestic capital shortfall.
- We will raise capital from NRIs & foreign investors of up to a total of \$0.5 Million in the second tranche after we complete our initial raising from domestic investors.

4. LEGAL & REGULATORY DEVELOPMENTS

- We are working on applying to RBI in May for approval to start operations in July. Prior to that we need to raise Rs.22 Million of capital from domestic sources.

Best Regards,

Samit