



Update: 7

June 5, 2005.

1. ORGANIZATION

- **Recruitment:** Three young trainees have joined us with Masters in Social Work primarily to be trainers and work in different areas of HR. The recruitment process for our field team is progressing.
- **Training:** Trained field staff is the key resource for our business growth. Our internal team has developed a comprehensive training program with the help of Vivienne Dsouza, one of India's most highly regarded professional trainers. Vivienne has kindly volunteered ten days of her time to train-the-trainers this month. We plan to recruit & train teams of 20 field staff every quarter. We will be virtually running a full time training school. Despite our best effort we were unable to collaborate with either the Indian School of Micro Finance or FWFB on this important project. Perhaps in the future!
- **Leadership Team:** Once again, we have made an offer to a Financial Controller & hope to have the candidate on board later this month.

2. CAPITAL

- **Domestic Capital:** We are raising our authorized capital to Rs.250 lakhs from Rs.200 lakhs. We have received Rs. 138 lakhs. We have also finalized the terms with a financial institution for a further Rs.70 lakhs and are awaiting the documentation. So the total is Rs. 208 lakhs. We are pursuing some outstanding commitments, & hope to reach our target of Rs.250 lakhs from domestic investors by June end, after which we will apply to RBI to start operations. Our immediate priority is to raise the balance Rs.42 lakhs by this month end.
- On applying to RBI, we will start the process of collecting our **FDI** component from individual investors, who have already committed to us & start on the paper work & documentation with the institutional investors. Depending on how long it takes to complete the transaction with the FIIs, our aim would be to have the whole FDI amount - Rs.260 lakhs (assuming we are able to raise Rs.250 lakhs of domestic capital) available to us, immediately on RBI approval to start operations.
- **S.I.D.B.I. and Grameen Trust** has indicated strong interest to work with us and we are in the process of finalizing our relationships.
- We were surprised to discover that **Sa-Dhan**, an industry organization for micro finance institutions in India does not accept new micro finance ventures as members or seem to have any organized program to support new initiatives.

3. INFRASTRUCTURE

- **Technology:** The walk through & gap analysis with Nucleus is scheduled later this month.
- **Premises:** We have an excellent temporary office, which was kindly provided at short notice by Sunil & Smita Patel and Dhruvo Choudhury who vacated their own office premises for us. Thanks to Elaine, who volunteered, and completely set up and furnished the office in a record time of one week.
- We have started the process of locating our permanent office premises.
- **Market Research:** Delhi has completed the fieldwork for the market research of urban economically active women and the data is being analysed. We had our debriefing on the initial findings of garment factory workers, who form the largest women work force in Bangalore (200,000 plus). They have no, or a minimal, access to loans from organized financial services. A few are able to borrow from 'private sources' mostly at their work place at interest rates of 10% per month. Inability to access lump sum funds for their various family related needs is one of the reasons for high employee turn over in the garment industry, as they quit jobs frequently to access their Provident Fund. The research is unique and will be valuable information not only for those interested in micro finance but also for those who want to learn more about urban poverty in India today. At a later date with suitable sponsor/s, we plan to publish the findings.
- **Product Management:** We have completed a lot of preliminary work and now based on the market research & our investigations we will complete the product program for business & family loans by mid July.

4. LEGAL & REGULATORY

- Over the next 45 days, our priorities are to close the Financial Audit with Deloitte; hold a Board meeting; complete all the requirements for the financial institution investments in the domestic capital tranche; allot the shares to the domestic shareholders and apply to RBI to start our operations.

Best Regards,

Samit