



**Update 1**

**August 22, 2004**

It's been twenty days since we started on the road to establish this micro finance institution. We will update you on the progress on a monthly basis and here goes the first:

1. We have so far got commitments of Rs.1.05 Crores (of which Rs. 35 lakhs is domestic) against a target of Rs.70 Lakhs from 16 friends and well wishers. The response within this short period has been overwhelming. The Foreign Direct Investment (FDI) regulations for micro finance institutions in India are the same as those for any other financial institution and are as follows:

Minimum Capitalisation Norms for fund based NBFCs:

- For FDI up to 51% - US\$ 0.5 million to be brought upfront
- For FDI above 51% and up to 75% - US \$ 5 million to be brought upfront
- For FDI above 75% and up to 100% - US \$ 50 million out of which US \$ 7.5 million to be brought upfront and the balance in 24 months

In order not to lose time to go through the Foreign Investment Promotion Board (F.I.P.B.) approval process at the seed capital stage, we are focusing to raise this amount domestically. We have a number of domestic investors who have indicated interest and are considering investing in the seed capital.

2. The Registrar has approved the name: Ujjivan Financial Services Limited. The Company will be branded as Ujjivan. We wanted to select a name, which reflects the aspiration of our customers and would be understood nationally. Ujjivan in Sanskrit means better (or progress in) life.
3. We are now drafting the Memorandum & Articles of Association of the Company with the assistance of Sunanda & Seshadri, an accounting firm that specializes in micro finance institutions and our local lawyer, Mr. N. Kannan. Vijay Mahajan of BASIX has kindly provided us their documents to provide us a template. Ujjivan will be incorporated as a Public Limited Company, which will give it higher level of transparency and credibility.

4. Board- Apart from the initial list of Board members: M/s K.R.Ramamoorthy, Ravi Bahl, Manab Bose, Bhaskar Menon and Samit Ghosh, Vijay Sood, a veteran of Citibank, with over 25 years of international risk management experience in Asia Pacific and the Middle East regions has agreed to join the board as a founder promoter. His expertise in risk management will add great value to the institution.
  
5. Advisors- In addition to our list of Advisors, Ousep Matthen is a 24-year veteran of international treasury and investment management. His last position was Senior Vice President-Investment Services, Riyadh Bank, Saudi Arabia. He started his career with ANZ Grindlays, India where he held the position of Country Treasurer & Group Risk Manager. Ousep completed his PhD. At Jawaharlal University, New Delhi. He will mentor & guide the Treasury function.
  
6. Initial Office Premises: Mphasis has very kindly offered one of their vacant offices in Bangalore, which will be very useful for us.

Some of the immediate tasks:

1. We will start the process of search and identifying the team.
2. We will start the process starting our work with our partners Nucleus Software for the technology backbone and with Grameen Bank, Bangladesh.
3. We will start our dialogue with institutional investors.
4. We will start the process of work on refining the business & financial model.
5. We will start work on the branding of Ujjivan.

We expect the news of this venture to go public soon and you will start seeing some press coverage. This hopefully will help us in the process of building our management team and bring us more friends and well wishers.

We thank you once again for your invaluable support. Please feel free to contact me for any clarifications you may require.

Samit Ghosh