

02/08/2006

M/s Deloitte Haskins & Sells
Chartered Accountants
Deloitte House
70/3 Miller Road
Bangalore 560 052

Dear Sirs

MANAGEMENT REPRESENTATION LETTER

This representation letter is provided in connection with your audit of the financial statements of Ujjivan Financial Services Private Limited ('the Company') for the year ended 31 March 2006 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Company as of 31 March 2006 and of the results of operations for the year then ended. We acknowledge our responsibility for preparation of financial statements in accordance with the requirements of the Companies Act, 1956 and recognized accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India.

We confirm, to the best of our knowledge and belief, the following representations:

ACCOUNTING POLICIES

The accounting policies which are material or critical in determining the results of operations for the year or financial position are set out in the financial statements. The financial statements are prepared on accrual basis.

ASSETS

The Company has a satisfactory title to all assets and there are no liens or encumbrances on the Company's assets.

Fixed Assets

The net book values at which fixed assets are stated in the balance sheet are arrived at:

- (a) after taking into account all capital expenditure on additions thereto, but no expenditure properly chargeable to revenue;
- (b) after eliminating the cost and accumulated depreciation relating to items sold, discarded, demolished or destroyed;
- (c) after providing adequate depreciation on fixed assets during the period.

Depreciation on fixed assets is provided on the written down value method at the rates prescribed in the Schedule XIV of the Companies Act 1956 on a pro rata basis for assets purchased/sold.

None of the fixed assets have been revalued during the year.

Physical verification is carried out once every six months

We have physically verified the fixed assets of the company during the year and no material discrepancies have been found on such verification.

Investments

There have been no investments made during the year ended 31 March 2006.

Capital Commitments

At the balance sheet date, there were no outstanding commitments for capital expenditure.

Debtors, Loans and Advances

At the balance sheet date there were no outstanding debtors.

The following balances appearing in the books as at 31st March 2006 are considered good and fully recoverable:

Loan (Family & Business)	- Rs. 2,084,906/-
Loans & Advance	- Rs. 1,458,209/-

LIABILITIES

We have recorded all known liabilities in the financial statements.

No guarantees have been to third parties.

In the opinion of the management, and to the extent of information available from the Company's records there are no amounts payable to the small scale industries as at 31st March 2006.

There are no Contingent liabilities which are likely to result in a loss and which, therefore, require adjustment of assets or liabilities.

Provisions for Claims and Losses

Provision has been made in the accounts for all known losses and claims of material amounts.

There have been no events subsequent to the balance sheet date which require adjustment of, or disclosure in, the financial statements or notes thereto.

Provision for Income tax comprises of current taxes as also deferred taxes. Deferred tax liability is recognised for the future tax consequences of temporary difference between the tax basis and the carrying values of assets and liabilities. Deferred tax assets are recognised only if there is virtual certainty that they will be realised and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on the enacted or substantially enacted tax rates.

As per Accounting Standard 22, 'Accounting for Taxes on Income', the timing differences are mainly relating to unabsorbed carried forward losses and unabsorbed depreciation allowances

for the year ended up to March 31, 2005. As a measure of prudence, such net deferred tax credit relating to the above periods has not been recognized in the accounts.

PROFIT AND LOSS ACCOUNT

Except as disclosed in the financial statements, the results for the year were not materially affected by:

- (a) transactions of a nature not usually undertaken by the company;
- (b) circumstances of an exceptional or non-recurring nature;
- (c) charges or credits relating to prior years;
- (d) changes in accounting policies.

Borrowing cost other than directly attributable to qualifying assets is expensed.

GENERAL

There have been no irregularities involving management or employees who have a significant role in the system of internal control that could have a material effect on the financial statements.

The financial statements are free of material misstatements, including omissions.

The company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

No personal expenses of employees and directors have been charged to the revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practices.

During the year, the Company has obtained registration as Non-Banking Financial Institution from the Reserve Bank of India vide their approval N-02.00224 dated 31st October 2005 to commence the business of non banking financial institution without accepting public deposits. We confirm all the necessary legal and statutory compliances in connection with the above have been completed.

We have submitted to your representatives, minutes covering all the meetings of the Board of Directors ('BOD') held during the year. These minutes constitute a full and complete record of all meetings of the BOD held during the year ended March 31, 2006.

Our representation relating to matters specified in Para 4 & 5 of the Companies (Auditors' Report) Order issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, is enclosed in the Annexure.

The Company has no disputed tax demands, in respect of income tax, wealth tax, sales tax, other than those demands not acknowledged as debt by the Company and are under appeal and adequately disclosed in the financial statements.

None of the directors are disqualified under section 274(1) (g) of the Companies Act, 1956.

Yours faithfully,

Director

Representation relating to matters specified in para 4 & 5 of the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956.

- The nature of the Company's business/activities during the year is such that the Clauses i (c), ii, iii (b) to (d), (f), (g), v (b), vi, vii, viii, x, xi, xii, xiii, xiv, xv, xvi, xviii, xix and xx are not applicable.
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- Physical verification of assets were carried out by the Company and there are no material discrepancies were noticed on such verification.
- The Company has not granted or taken any loans, secured or unsecured to or from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- There are no contracts or arrangements that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other material statutory dues with the appropriate authorities during the period.

There are no disputed sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited as on March 31, 2006.

There are no other demands outstanding as at the Balance Sheet date with regard to the disputed sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess.

- On an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the period for long term investment.
- There has been no fraud on or by the Company was noticed or reported during the period.