MICROFINANCE

SKS Microfinance Limited
Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192
Kundanbagh, Begumpet, Hyderabad - 500 016, Telangana, India
T: +91 40 4452 6000 F: +91 40 4452 6001
info@sksindia.com I www.sksindia.com
Corporate Identity Number: L65999MH2003PLC250504

October 19, 2015

The Secretary
BSE Limited
Phiroze Jeejeeboy Towers
Dalal Street
Mumbai – 400001.

The Vice President - Listing
National Stock Exchange of India Limited
Exchange Plaza
Bandra- Kurla Complex
Mumbai – 400051.

Dear Sir/Madam,

Sub: Press Release.

Please find attached hereto a copy of Press Release dated October 19, 2015.

This is for your information and records.

Thanking you,

Yours faithfully,
For SKS Microfinance Limited

Rajendra Patil
Sr. Vice President – Legal & Company Secretary

Encl: As above.

SKS Microfinance Limited
Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192
Kundanbagh, Begumpet, Hyderabad - 500 016, Telangana, India
T: +91 40 4452 6000 F: +91 40 4452 6001
info@sksindia.com | www.sksindia.com
Corporate Identity Number: L65999MH2003PLC250504

SKS Microfinance Limited's gross loan portfolio registers 14% QoQ growth to Rs. 5,462 crore in Q2-FY16

Company registers a 5.3% QoQ drop in cost to income to 47% in Q2-FY16. The Company has increased its profit guidance from Rs. 235 crore to Rs. 290 crore for FY16.

Mumbai, October 19, 2015: SKS Microfinance Limited today announced that its gross loan portfolio excluding the states of Andhra Pradesh and Telangana registered a 14% quarter-on-quarter and an 80% year-on-year growth to Rs. 5,462 crore (Rs. 3,043 crore in Q2-FY15, Rs. 4,797 crore in Q1-FY16) in Q2-FY16.

Loan disbursements increased by 57% on a year-on-year basis to Rs. 2,665 crore in Q2-FY16 (Rs. 1,693 crore in Q2-FY15). During the quarter, SKS Microfinance Limited had incremental drawdowns of Rs. 1,569 crore (Rs. 1,100 crore in Q2-FY15) including Commercial Paper of Rs. 200 crore rated as 'A1+' by a leading rating agency. The Company also originated Rs. 237 crore worth of loans under managed portfolio in Q2-FY16.

The quarter marks two significant achievements. SKS Microfinance Limited's gross loan portfolio has surpassed the past peak of Rs. 5,434 crore (in Q2-FY11), thanks to the Company's consistent annual growth of around 50%. Also, the Company registered a 5.3% quarter-on-quarter drop in cost to income to 47% in Q2-FY16 from 52.3% in Q1-FY16.

The Company has increased its profit guidance from Rs. 235 crore to Rs. 290 crore for FY16.

SKS Microfinance Limited's marginal cost of borrowings stood at 11.2% while its weighted average cost of borrowings (historical) was 12.1% at Q2-FY16.

The Company posted a PAT of Rs. 78 crore in Q2-FY16 (Rs. 61.2 crore in Q1-FY16, Rs. 56.8 crore in Q2-FY15).

The un-availed deferred tax benefit of Rs. 425 crore will be available to offset tax on future taxable income. Also, a *minimum alternate tax* (MAT) benefit of Rs. 23 crore in Q2-FY16 has conservatively not been availed as P&L credit, despite supporting accounting standards. The total MAT credit of Rs. 41 crore as of September 30, 2015 is also available to offset actual tax liability in future.

As of September 30, 2015, SKS Microfinance Limited had a net worth of Rs. 1,203 crore and a capital adequacy of 24.6%. Cash and cash equivalents stood at Rs. 834 crore.

With effect from October 1, 2015, SKS Microfinance Limited has been charging an interest rate of 20.75%, considered the lowest rate among global Micro Finance Institutions, on its unsecured micro loans post three interest rate reductions totalling 3.8% since October 2014.

SKS Microfinance Limited
Head Office: 3rd Floor, My Home Tycoon, Block A, 6-3-1192
Kundanbagh, Begumpet, Hyderabad - 500 016, Telangana, India
T: +91 40 4452 6000 F: +91 40 4452 6001
info@sksindia.com I www.sksindia.com
Corporate Identity Number: L65999MH2003PLC250504

SKS Microfinance Limited has also completed its Smart TAB project, enabling the Company's loan officers to carry out all their activities on tablets.

About SKS Microfinance Limited:

SKS Microfinance Limited is among the largest microfinance companies in India with presence across 18 states covering 1,00,000 villages. The states include: Andhra Pradesh, Telangana, Karnataka, Maharashtra, Odisha, Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Uttaranchal, Haryana, West Bengal, Jharkhand, Chhattisgarh, Kerala, Punjab, Himachal Pradesh and Delhi. The Company's mission is to provide financial services to the economically weaker sections.

For further details, contact: J S Sai/ +91 9849199455/ sai@sksindia.com