MICROFINANCE

SKS Microfinance Lim
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Begumpet Main Road, Hyderabad - 500016, Andhra Pradesh,
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mo@sksindia.com www.sksindia

Ref No. SE /30/

Date: July 25, 2013

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

Fax No. 022-2272 2037 / 39 /41/61

The Vice President – Listing
National Stock Exchange of India Limited
Exchange Plaza,
Bandra – Kurla Complex
Mumbai – 400 016

Fax No. 022- 2659 8120 / 2659 8237 / 38

Dear Sirs,

Sub: Q1FY14 Earnings update for the quarter ended June 30, 2013 and Press Release.

Kindly note that the Board of Directors of the Company had approved the un-audited financial results for the quarter ended June 30, 2013 (*subjected to limited review by the Statutory Auditors of the Company*) in its meeting held on July 25, 2013. The same have already been submitted to you.

Further, we would like to submit the following:

1. Copy of "the Q1FY14 Earnings update" for the quarter ended June 30, 2013, which we plan to host on our website www.sksindia.com
2. Press Release titled ***"SKS Microfinance Limited announces third consecutive quarter of profit -- PAT of Rs. 5 crore in Q1-FY14".***

We request you to take the above on record.

Thanking You.

Yours faithfully,
***for* SKS Microfinance Limited**

(Sudershan Pallap)
Company Secretary

Encl: As above.

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SKS Microfinance Limited announces third consecutive quarter of profit -- PAT of Rs. 5 crore in Q1-FY14

Four-fold operating profit increase to Rs. 16 crore; 51% (YoY) rise in loan disbursements to Rs. 830 crore; 63% (YoY) growth in non-AP portfolio to Rs. 2,003 crore

Hyderabad, July 25, 2013: SKS Microfinance Limited today announced a PAT of Rs. 5 crore in Q1-FY14, its third consecutive quarter of profit post its turnaround in Q3-FY13 with a profit of Rs.1.2 crore and a profit of Rs. 2.7 crore in Q4-FY13. The Company has registered a four-fold increase in operating profit to Rs. 16 crore in Q1-FY14 from Rs. 4 crore in Q4-FY13. In Q1-FY13, the Company incurred a loss of Rs. 39 crore.

Total revenue increased by 21% to Rs. 123 crore in Q1-FY14 from Rs 102 crore in Q4-FY13 (Rs. 79 crore in Q1-FY13). The Company's net interest income increased by 26% to Rs. 63 crore in Q1-FY14 from Rs. 50 crore in Q4-FY13 as loan disbursements registered a 51% increase to Rs. 830 crore in Q1-FY14 from Rs. 550 crore in Q1-FY13. Consequently, the non-Andhra Pradesh portfolio grew by 63% to Rs. 2,003 crore in Q1-FY14 from Rs. 1,229 crore in Q1-FY13. The average portfolio outstanding increased by 14% between Q4-FY13 and Q1-FY14.

"Our third consecutive quarter of profit in Q1-FY14 is a result of our team's tireless implementation in the last few quarters of the four-pronged turnaround strategy of fully providing for the AP exposure, managing the supply-side shock, cost structure optimization and recapitalization," said Mr. S. Dilli Raj, Chief Financial Officer, SKS Microfinance Limited. "With the overall improvement in the regulatory environment aiding our robust growth in credit assets and core income, we are gearing up for sustained growth and profits. Operating leverage and financial leverage will aid profitability. The continued collection efficiency of 99.9% in Q1-FY14 reinforces the operating model validity."

SKS Microfinance Limited had a net worth of Rs. 395 crore and capital adequacy of 30.2% (capital adequacy without RBI dispensation on AP provisioning is 21.6%) as of June 30, 2013. The Company's cash and bank balance stood at Rs. 910 crore.

Provision and write-offs increased by 10% to Rs. 11 crore in Q1-FY14 from Rs. 10 crore in Q1-FY13. The entire provisioning in Q1-FY14 relates fully to Standard Asset Provisioning. The Company has chosen to adopt the Reserve Bank of India's new Standard Asset Provisioning norms with effect from April 1, 2013 itself.

There has been no tax provision for this quarter too, given the carried forward losses.

About SKS Microfinance Limited:

SKS Microfinance Limited (SKS) is a non-banking finance company (NBFC), registered and regulated by the Reserve Bank of India, whose mission is to provide financial services to low-income households. SKS operates across 16 states of India. They include: Andhra Pradesh, Karnataka, Maharashtra, Odisha, Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Uttaranchal, Haryana, West Bengal, Jharkhand, Chhattisgarh, Kerala, Punjab and Delhi.

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