MUDRA sanctions Rs. 100 crore refinance line at 10% per annum to SKS Microfinance Limited

Mumbai, October 28, 2015: MUDRA (Micro Units Development & Refinance Agency Limited), launched by the Government of India for financing micro entrepreneurs engaged in small business activities like manufacturing, processing, service sector and trade, has sanctioned a refinance line of Rs. 100 crore at 10% per annum to SKS Microfinance Limited.

This is the first refinance limit sanctioned to SKS Microfinance Limited by MUDRA. The development is expected to contribute to bringing down the cost of interest-bearing liabilities at SKS Microfinance Limited. Earlier, with the cost of its interest-bearing liabilities dropping to 11.9% in Q1-FY16 from 13.6% in FY14 on account of downward adjustments in risk premium, the Company could reduce the interest rate charged to borrowers on three occasions since October 2014. With an overall reduction of 3.8% since October 2014, SKS Microfinance Limited charges 20.75% on all its disbursements with effect from October 1, 2015.

"MUDRA is trying to make an impact in funding micro enterprises by making available credit facilities at affordable cost through the existing financial channels," said **Mr. Jiji Mammen, CEO, MUDRA.** "I am happy that SKS Microfinance Limited, which is availing of its first refinance limit from MUDRA, will make use of the same in bringing down its cost of micro loans to the bottom of the pyramid for their comprehensive economic and social development. Pursuing our vision of being an integrated financial and support services provider for the bottom of the pyramid universe for their comprehensive economic and social development, we have extended a refinance line of Rs. 100 crore to SKS Microfinance Limited, and are confident that the Company will strive harder to bring about greater gains for its borrowers at the grassroots."

"This is the first refinance line availed by us," said **Mr. S. Dilli Raj, President, SKS Microfinance Limited.** "At a rate of 10%, this is lower than regular term loans from conventional lenders, and reinforces our assertion in the recent past that the Non Banking Financial Company – Micro Finance Institution (NBFC-MFI) structure does not preclude us from availing dedicated refinance lines at a lower rate of interest. We are already the lowest cost lender in the MFI segment, and will pass on this benefit to our microfinance borrowers at an appropriate juncture."

About MUDRA:

MUDRA (Micro Units Development & Refinance Agency Limited) is a new financial institution set up by the Government of India for development and refinancing activities relating to micro enterprise units. It was announced by the Hon'ble Finance Minister while presenting the Union Budget for FY 2016. The purpose of MUDRA is to provide funding to the non-corporate small business sector which is mostly outside the formal credit system.

The motto of MUDRA is “Funding the Unfunded”. In this direction, MUDRA has initiated various schemes and programmes which are being implemented through Banks, NBFCs and MFIs. The Government of India has also announced a programme called Pradhan Mantri Mudra Yojana (PMMY) to give a push to lending for micro enterprises, which will be supported by MUDRA through its refinance support.

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