SKS Microfinance Limited
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SKS Microfinance Limited slashes interest rate by 1.25%, the third interest rate reduction since October 2014

Present interest rate with an aggregate reduction of 3.8% since October 2014 is considered the lowest rate globally. The Company has been charging the lowest interest rate among Indian MFIs since July 2015

Mumbai, September 23, 2015: SKS Microfinance Limited today announced a 1.25% reduction in the interest rate charged to borrowers from 22% to 20.75% with effect from October 1, 2015, for all future disbursals.

With the third interest rate cut and an overall reduction of 3.8% since October 2014, SKS Microfinance Limited now charges what is considered the lowest rate among global Micro Finance Institutions on its core Income Generating Loans (IGL) which are unsecured micro loans. It had been charging the lowest interest among Indian MFIs since July 2015 with a reduction of 1.55% in that month, in addition to the 1% reduction in October 2014.

The reductions are consistent with the Company's policy of passing on the cost advantages accruing from reduction in the cost of borrowing, economies of scale and operational efficiency, to its borrowers.

SKS Microfinance Limited could reduce its cost of interest-bearing liabilities to 11.9% in Q1-FY16 from 13.6% in FY14 on account of downward adjustments in risk premium. The Company's sustained turnaround, improved profitability in FY15 and Q1-FY16, capital raise in May 2014, rating upgrade and issuance of Commercial Papers and Non-Convertible Debentures are the factors that drove the reduction in its cost of borrowing. The Company has a short-term credit rating of 'A1+' and a long-term rating of 'A+'.

Creditor confidence in SKS Microfinance Limited has also been boosted by the Company's spotless repayment track record. During the most difficult Andhra Pradesh microfinance situation, the Company did not join Corporate Debt Restructuring (CDR) and met all its financial obligations -- amounting to Rs. 5,800 crore -- to the banking system without any hair-cut or rescheduling.

SKS Microfinance Limited's strong net worth of Rs. 1,115 crore and Capital Adequacy Ratio of 27.2%, well in excess of the mandated 15%, also enhance the credit quality of the Company's papers, and help it obtain competitive pricing.

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,

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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.

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