SKS Microfinance Limited
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SKS Microfinance Limited to charge the lowest interest rate among NBFC-MFIs with a 1.55% interest rate cut

Company slashes interest rate for the second time since October 2014 in line with the reduction in its cost of borrowing

Mumbai, June 4, 2015: SKS Microfinance Limited today announced a 1.55% reduction in the interest rate charged to borrowers from 23.55% to 22% with effect from July 1, 2015. This is the second interest rate reduction announced by the Company since October 2014, when a 1% reduction was implemented.

With the present reduction, SKS Microfinance Limited charges the lowest rate among Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) on its core Income Generating Loans (IGL) which are unsecured micro loans.

The announcement is 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 11.8% in Q4-FY15 from 13.6% in FY14 on account of downward adjustments in risk premium. The Company's sustained turnaround, improved profitability in FY15, 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 crisis, 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. 1,046 crore and Capital Adequacy Ratio of 31.7%, 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 17 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 and Himachal Pradesh. The Company's mission is to provide financial services to the economically weaker sections.

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