SKS Microfinance Limited
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SKS Microfinance Limited announces 1% reduction in interest rate

Mumbai, July 24, 2014: SKS Microfinance Limited today announced a 1% reduction in the interest rate charged from borrowers from 24.55% to 23.55% with effect from October 1, 2014. The announcement is consistent with the Company's policy -- announced in December 2011 -- of passing on the cost advantages accruing from economies of scale, operational efficiency and reduction in the cost of borrowing to its borrowers. The Company could reduce its cost of borrowing by 1% to 12.6% in Q1-FY15 (13.5% in FY14).

In Q1-FY15, the Company's portfolio excluding the states of Andhra Pradesh and Telangana registered a 39% year-on-year increase to Rs. 2,783 crore from Rs. 2,003 crore in Q1-FY14 (Rs. 2,553 crore in Q4-FY14 on monthly closing average basis).

Loan disbursements grew by 40% to Rs. 1,160 crore in Q1-FY15 from Rs. 830 crore in Q1-FY14. Net interest income grew by 41% to Rs. 89 crore in Q1-FY15 from Rs. 63 crore in Q1-FY14. PAT increased to Rs. 49.3 crore in Q1-FY15 from Rs. 27.1 crore in Q4-FY14. The Company had incremental draw-downs of Rs. 575 crore in Q1-FY15.

SKS Microfinance Limited also announced the addition of Mr. S. Balachandran to its Board of Directors. Mr. Balachandran has 35 years of experience in the Government and Corporate Sector including an overseas assignment. Among the key positions held by him in the past are: Additional Member (Budget), Ministry of Railways; Managing Director, Indian Railway Finance Corporation; Joint Director in the office of the Comptroller and Auditor General of India. He is presently on the Boards of Dredging Corporation of India, PTC India Limited, PTC Energy Limited, ONGC Petro Additions Limited and United Stock Exchange Limited (SEBI nominee).

As of June 30, 2014, SKS Microfinance Limited had a net worth of Rs. 891 crore and capital adequacy of 39.6%. Cash and cash equivalents stood at Rs. 488 crore.

The un-availed deferred tax benefit of Rs. 542 crore will be available to offset tax on future taxable income. Given the carried forward tax loss, no tax provision was required for Q1-FY15.

About SKS Microfinance Limited:

SKS Microfinance Limited is among the largest microfinance companies in India with presence across 16 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 and Punjab. The Company's mission is to provide financial services to the economically weaker sections.

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