

**SKS MICROFINANCE LIMITED**

Regd. Office: Ashoka Raghupathi Chambers, D No. 1-10-60 to 62, Opp Shoppers Stop, Begumpet, Hyderabad- 500 016 ( A.P)

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER /NINE MONTHS ENDED DECEMBER 31, 2011**

(Rs in Lakhs)

Sr No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2011	September 30, 2011	December 31, 2010	December 31, 2011	December 31, 2010	March 31, 2011
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income from operations	8,178.39	11,412.62	36,314.91	34,576.68	98,905.57	1,16,019.54
	Other operating income	204.47	886.44	2,133.14	2,460.67	6,855.37	8,527.44
	<b>Total</b>	<b>8,382.86</b>	<b>12,299.06</b>	<b>38,448.05</b>	<b>37,037.35</b>	<b>1,05,760.94</b>	<b>1,24,546.98</b>
2	<b>Expenditure</b>						
	Personnel expenses	6,521.20	6,659.22	8,866.60	20,539.77	25,802.13	32,634.68
	Depreciation	246.34	265.23	380.53	752.93	1,278.29	1,614.96
	Provisions and write offs	35,866.40	35,334.93	10,075.00	89,567.52	13,001.72	23,622.90
	Operating and other expenditure	5,274.13	3,853.05	4,742.30	12,840.80	13,664.00	17,049.60
	<b>Total</b>	<b>47,908.07</b>	<b>46,112.43</b>	<b>24,064.43</b>	<b>1,23,701.02</b>	<b>53,746.14</b>	<b>74,922.14</b>
3	Profit from operations before Other Income & Interest (1-2)	(39,525.21)	(33,813.37)	14,383.62	(86,663.67)	52,014.80	49,624.84
4	Other income	892.88	815.80	499.29	3,024.86	1,808.46	2,406.98
5	Profit before interest (3+4)	(38,632.33)	(32,997.57)	14,882.91	(83,638.79)	53,823.26	52,031.82
6	Interest and finance expenses	4,101.76	5,272.57	9,703.14	15,668.56	26,107.58	34,788.64
7	<b>Profit before tax (5-6)</b>	<b>(42,734.09)</b>	<b>(38,270.14)</b>	<b>5,179.77</b>	<b>(99,307.35)</b>	<b>27,715.68</b>	<b>17,243.18</b>
8	Tax expense (Including deferred tax)	44.63	183.88	1,764.30	3,799.50	9,575.77	6,080.10
9	<b>Profit after tax (7-8)</b>	<b>(42,778.72)</b>	<b>(38,454.02)</b>	<b>3,415.47</b>	<b>(1,03,106.85)</b>	<b>18,139.91</b>	<b>11,163.08</b>
10	Paid-up equity share capital (Face Value of Rs. 10 Each )	7,235.69	7,235.58	7,212.68	7,235.69	7,212.68	7,232.39
11	Reserves (excluding Revaluation reserves)						1,69,908.71
12	Earnings Per Share (EPS) (Not annualised)						
	Basic	(59.12)	(53.15)	4.74	(142.52)	26.52	16.10
	Diluted	(59.12)	(53.15)	4.47	(142.52)	24.93	15.24
13	Public shareholding						
	- Number of shares	4,57,01,368	4,57,00,258	4,54,51,239	4,57,01,368	4,54,51,239	4,56,48,383
	- Percentage of shareholding	63.16%	63.16%	63.02%	63.16%	63.02%	63.12%
14	Promoters and Promoter Group Shareholding						
	a) Pledged / Encumbered						
	- Number of shares	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares						
	(% of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares	Nil	Nil	Nil	Nil	Nil	Nil
	(% of the total share capital of the company)						
	b) Non - encumbered						
	- Number of shares	2,66,55,527	2,66,55,527	2,66,75,527	2,66,55,527	2,66,75,527	2,66,75,527
	- Percentage of shares						
	(% of the total shareholding of promoter and promoter group)	100%	100.00%	100%	100%	100.00%	100.00%
	- Percentage of shares	36.84%	36.84%	36.98%	36.84%	36.98%	36.88%
	(% of the total share capital of the company)						

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**SKS MICROFINANCE LIMITED**

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTH ENDED  
DECEMBER 31, 2011**

**Notes:**

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on January 18, 2012 and January 19, 2012 respectively, in terms of clause 41 of Listing Agreement.
2. The Statutory Auditors have carried out the "Limited Review" of the results for the quarter ended December 31, 2011.
3. The Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" on October 15, 2010, subsequently enacted the same as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011 (Act 1 of 2011)" on December 31, 2010 and notified by Gazette on January 1, 2011 ('AP MFI Act'). In compliance with the said Ordinance/Act, the frequency of the Joint liability group (JLG) loan repayments in the state of Andhra Pradesh changed from a 'weekly' to a 'monthly' basis.

In January 2011, a Sub-committee of the Central Board of Directors of the Reserve Bank of India ('RBI') ('the Malegam Committee'), in its recommendations, suggested that the provision for loan loss should be made with reference to the ageing of the overdue loan instalments.

Subsequent to this, RBI vide its circular dated January 19, 2011, addressed to banks, stated that "the problems afflicting the Micro Finance Institutions (MFIs) sector are not necessarily on account of any credit weakness per-se but were mainly due to environmental factors" and extended the special regulatory asset classification benefit to restructured MFI accounts as well.

Due to the continued evolving environment, with no precedence, following the enactment of AP MFI Act and the resultant impact on the field operations in Andhra Pradesh the Company reassessed its estimates on the portfolio in the state of Andhra Pradesh as at March 31, 2011 as follows:

Asset Classification	Arrear Period	Provision (%)
Standard	Less than 180 days	0.25%
Sub-Standard	Overdue for 180 – 720	10%
Loss Assets	Overdue over 720 days	100%

The above-mentioned estimates for the provisioning of the loan portfolio in the state of Andhra Pradesh are based on the asset classification and provisioning norms as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

The Company continues to apply the above-mentioned estimates on the portfolio as at December 31, 2011.



4. The Company has incurred a loss during the quarter ended December 31, 2011 and in the absence of virtual certainty of future taxable profits supported by convincing evidence, in accordance with the requirements of Accounting Standard (AS) 22 – Accounting for Taxes on Income, notified by Companies (Accounting Standards) Rules, 2006, (as amended), the net deferred tax asset amounting to Rs. 35,533.78 lakhs as at December 31, 2011 has not been recognized. The said sum of Rs. 35,533.78 lakhs will be available to offset tax on future taxable income. .
5. Dr. Vikram Akula's tendered his resignation as the Executive Chairman and Director of the Company on November 23, 2011. The Board has accepted the same with immediate effect. Mr. P.H. Ravikumar, Independent Director of the Company was appointed as the Non-Executive Chairman – Interim of the Company with immediate effect from November 23, 2011.
6. The Company operates in a single reportable segment i.e. lending to members, who have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The Company does not have any reportable geographical segment.
7. The Committee of the Board of Directors allotted 1,110 equity shares during the quarter ended December 31, 2011, pursuant to exercise of the options granted under Employee Stock Option Schemes of the Company.
8. The status of investors complaints for the quarter ended December 31, 2011 are given below:

Pending as on October 1, 2011	Received during the quarter	Disposed off during the quarter	Pending as on December 31, 2011
-	7	7	-

9. Figures for the previous period have been regrouped/ rearranged wherever necessary to conform to current period presentation.

Place: Mumbai

For SKS Microfinance Limited

Date: January 19, 2012



For SKS MICROFINANCE LIMITED

*[Handwritten Signature]*  
CEO & Managing Director

**Limited Review Report****Review Report to  
The Board of Directors  
SKS Microfinance Limited**

1. We have reviewed the accompanying statement of unaudited financial results ('the Statement') of SKS Microfinance Limited ('the Company') for the quarter ended December 31, 2011, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Without qualifying our opinion, we draw attention to Note 3 of Notes to the unaudited financial results, as regards regulatory matters affecting the Company, and consequent implications thereof on these unaudited financial results.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.



For S.R. BATLIBOI &amp; Co.

Firm registration number: 301003E

Chartered Accountants



per Viren H. Mehta

Partner

Membership No.: 48749

Place: Mumbai

Date: January 19, 2012

SKS MICROFINANCE LIMITED

Regd. Office: Ashoka Raghupathi Chambers, D No. 1-10-60 to 62, Opp Shoppers Stop, Begumpet, Hyderabad- 500 016 ( A.P)

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(Rs in Lakhs)

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	(% of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares	Nil	Nil	Nil	Nil	Nil	Nil
	(% of the total share capital of the company)	Nil	Nil	Nil	Nil	Nil	Nil
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For SKS MICROFINANCE LIMITED

SIGNED FOR IDENTIFICATION  
BY

*S. R. Batliboi*

S. R. BATLIBOI & COMPANY  
MUMBAI.

CEO & Managing Director

SKS MICROFINANCE LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTH ENDED  
DECEMBER 31, 2011

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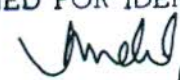
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For SKS MICROFINANCE LIMITED

CEO & Managing Director

SIGNED FOR IDENTIFICATION  
BY   
19/1/12  
S. R. BATRA & COMPANY  
MEMBER

4. The Company has incurred a loss during the quarter ended December 31, 2011 and in the absence of virtual certainty of future taxable profits supported by convincing evidence, in accordance with the requirements of Accounting Standard (AS) 22 – Accounting for Taxes on Income, notified by Companies (Accounting Standards) Rules, 2006, (as amended), the net deferred tax asset amounting to Rs. 35,533.78 lakhs as at December 31, 2011 has not been recognized. The said sum of Rs. 35,533.78 lakhs will be available to offset tax on future taxable income. .
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Place: Mumbai

For SKS MICROFINANCE LIMITED  
For SKS Microfinance Limited



**CEO & Managing Director**

Date: January 19, 2012

SIGNED FOR IDENTIFICATION  
BY  
  
S. R. BATLIBOI & COMPANY  
MUMBAI