

Outcome of Board Meeting held on 24th January, 2011

Pursuant to Listing Agreement, we hereby inform you that the Board of Directors of the Company in its meeting held on 24th January, 2011 has approved the attached un-audited financial results of the Company (subjected to Limited Review by the Statutory Auditors) for the quarter ended 31st December, 2010.

The company reports a PAT of Rs. 34.15 Crs. for Q3-FY-11 compared to Rs.55.45 Crs. reported for the corresponding quarter of the previous fiscal (Q3-FY-10). The total provisioning & write off for Q3-FY-11 was Rs. 100.75 Crs. and it includes an additional provisioning of Rs.26.98 Crs.

The additional provisioning of Rs.26.98 Crs. has been made to meet the requirement in the recommendations made in the Report of the Sub-committee of the Central Board of Directors of Reserve Bank of India to Study Issues and Concerns in the MFI Sector dated January 19, 2011, which requires a microfinance company to maintain at all times an aggregate provision for loan losses which shall be the higher of: (i) 1% of the outstanding loan portfolio or (ii) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

The provisioning & write off also includes Rs.58.74 Crs relating to the AP portfolio (including Portfolio loans and assigned loans). The company will continue to assess the adequacy of provision on the AP portfolio 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 AP and based on the outcome of the legal suit pending before the AP High court challenging the AP MFI Act.

We request you to please take the same on record.

Thanking You,

Yours faithfully,

for SKS MICROFINANCE LTD.

(Sudershan Pallap)

Dy. Company Secretary