

Date: 24<sup>th</sup> January, 2011  
Ref. No.: SKS: HO: SE: Clause 41/

The Secretary,  
The Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI – 400 001

Fax Nos.: 022 - 22722037/ 39/ 41/ 61

The Vice President – Listing  
The National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor,  
Bandra - Kurla Complex,  
MUMBAI – 400 051.

Fax Nos.: 022 – 26598237/ 8238/ 8347/ 8348

Dear Sirs,

**Sub: Outcome of Board Meeting held on 24<sup>th</sup> January, 2011**

Pursuant to Listing Agreement, we hereby inform you that the Board of Directors of the Company in its meeting held on 24<sup>th</sup> 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 31<sup>st</sup> 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.

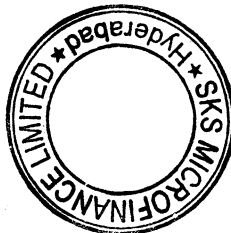
The provisioning & write off also includes Rs.58.74 Crs relating to the AP portfolio (including Portfolio loans and assigned loans). The company will continue to assess the adequacy of provision on the AP portfolio due to the continued evolving environment, with no precedence, following the enactment 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



REGIONAL OFFICES

AGRA AHMEDABAD BANGALORE BHAGALPUR BHOPAL BHUBANESHWAR DEHRADUN DELHI ERNAKULAM GULBARGA HUBLI  
HYDERABAD JAIPUR KOLKATA KURNOOL LUCKNOW NAGPUR PATNA PUNE RAIPUR RANCHI SILLIGURI VARANASI VIJAYAWADA

**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, 2010**

(Rs in Lakhs)

Sr No.	Particulars	Quarter ended		Nine months ended		Year Ended
		December 31, 2010 Unaudited	December 31, 2009 Unaudited	December 31, 2010 Unaudited	December 31, 2009 Unaudited	March 31, 2010 Audited
1	Income from Operations	36,334.91	24,962.69	98,925.57	59,099.41	87,357.06
	Other Operating Income	2,133.14	1,659.19	6,855.37	3,664.48	5,480.59
	<b>Total</b>	<b>38,468.05</b>	<b>26,621.88</b>	<b>105,780.94</b>	<b>62,763.89</b>	<b>92,837.65</b>
2	<b>Expenditure</b>					
	Personnel Expenses	8,866.60	5,674.55	25,802.13	15,136.14	21,642.50
	Depreciation	380.53	322.62	1,278.29	850.55	1,259.99
	Provisions and write offs	10,075.00	1,161.33	13,001.72	3,648.17	5,171.78
	Operating and Other expenditure	4,742.30	3,495.75	13,664.00	8,178.60	12,207.95
	<b>Total</b>	<b>24,064.43</b>	<b>10,654.25</b>	<b>53,746.14</b>	<b>27,813.46</b>	<b>40,282.22</b>
3	Profit from Operations before Other Income & Interest (1-2)	14,403.61	15,967.63	52,034.79	34,950.43	52,555.43
4	Other Income	479.29	311.24	1,788.46	2,638.13	3,055.29
5	Profit before Interest (3+4)	14,882.90	16,278.87	53,823.25	37,588.56	55,610.72
6	Interest and Finance Expenses	9,703.14	7,874.78	26,107.58	20,618.28	28,840.52
7	<b>Profit before tax (5-6)</b>	<b>5,179.76</b>	<b>8,404.09</b>	<b>27,715.67</b>	<b>16,970.28</b>	<b>26,770.20</b>
8	Tax expense (Including Deferred Tax and Fringe Benefit Tax)	1,764.30	2,858.60	9,575.77	5,864.20	9,374.81
9	<b>Profit after tax (7-8)</b>	<b>3,415.46</b>	<b>5,545.49</b>	<b>18,139.90</b>	<b>11,106.08</b>	<b>17,395.39</b>
10	Paid-up equity share capital (Face Value of Rs. 10 Each)	7,212.68	6,336.44	7,212.68	6,336.44	6,452.72
11	Reserves (excluding Revaluation reserves)	-	-	-	-	88,932.54
12	Earnings Per Share (EPS) (Not annualised)					
	Basic	4.74	10.64	26.52	22.50	32.82
	Diluted	4.47	10.48	24.93	22.16	27.33
13	Public shareholding					
	- Number of shares	45,451,239	26,302,252	45,451,239	26,302,252	28,505,436
	- Percentage of shareholding	63.02%	41.51%	63.02%	41.51%	44.17%
14	Promoters and Promoter Group Shareholding					
	a) Pledged / Encumbered					
	- Number of shares	-	670,000	-	670,000	670,000
	- Percentage of shares	-	1.81%	-	1.81%	1.86%
	(% of the total shareholding of promoter and promoter group)	-	1.06%	-	1.06%	1.04%
	- Percentage of shares	-	1.06%	-	1.06%	1.04%
	(% of the total share capital of the company)	-	-	-	-	-
	b) Non - encumbered					
	- Number of shares	26,675,527	36,392,197	26,675,527.00	36,392,197	35,351,783
	- Percentage of shares	100%	98.19%	100%	98.19%	98.14%
	(% of the total shareholding of promoter and promoter group)	36.98%	57.43%	36.98%	57.43%	54.79%
	- Percentage of shares					
	(% of the total share capital of the company)					



**SKS MICROFINANCE LIMITED**

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED  
DECEMBER 31, 2010**

**Notes:**

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on January 21, 2011 and January 24, 2011 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, 2010.
3. The Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation on Money Lending) Ordinance 2010" on October 15, 2010, subsequently enacted the same as "The Andhra Pradesh Micro Finance Institution (Regulation on Money Lending) Act, 2011 (Act 1 of 2011)" on December 31, 2010 and notified by Gazette on January 1, 2011. In compliance with the said Ordinance / Act, the frequency of collections for loan repayments in the state of Andhra Pradesh had changed from 'weekly' to 'monthly' basis. Consequently, the Company has also adopted the existing provisioning policy as applicable to the loan portfolio under 'monthly' collection frequency in relation to the Andhra Pradesh portfolio.
4. Provisions and write-offs include an additional provision of Rs.2,698.28 lacs made during the quarter ended December 31, 2010, pursuant to 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. As a result, the profit before tax for the quarter ended December 31, 2010 is lower by Rs. 2,698.28 lacs.
5. 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.
6. A Committee of the Board of Directors allotted 128,224 Equity shares during the quarter ended December 31, 2010, pursuant to exercise of the options granted under Employee Stock Option Schemes (ESOPs) of the Company.
7. The status of Investors complaints for the quarter ended December 31, 2010 are given below:

Pending as on 1 <sup>st</sup> October , 2010	Received during the quarter	Disposed off during the quarter	Pending as on 31 <sup>st</sup> December, 2010
11	858	868	1

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

