

To
The Editor
The Times of India
New Delhi/Mumbai

October 9, 2010

Dear Sir:

This letter is in reference to your article on the front page of the business section, "HC puts Gurumani back on SKS Microfinance Board," on October 8, 2010. We are deeply disappointed and shocked by this inaccurate and misleading portrayal the termination of SKS Microfinance Managing Director and CEO, Suresh Gurumani. The article has virtually no concrete facts and several instances of factually incorrect reporting.

- (1) For starters, the title to the article—"HC puts Gurumani back on SKS Microfinance Board"—is false. There was no such ruling. The court case had nothing to do with Gurumani's ability to stay on the Board. Rather it dealt singularly with whether the Board was in its legal right to terminate Gurumani's position as Managing Director & CEO. The Board's right to terminate him was upheld. The petitioner lost this case. If your reporter had bothered to even read the petition and the order, this is clear. The Times of India research and reporting on this matter was factually incorrect and misleading.
- (2) The first sentence of the article is even more bizarre. The reporter writes, "Slamming the manner in which SKS Microfinance managing director and CEO Suresh Gurumani was fired earlier this week, Justice G Bhavani Prasad of the Andhra Pradesh High Court on Friday directed the company to retain Gurumani on its board of directors till further orders." As mentioned, there was no such order about the termination of Suresh Gurumani being improper, leave alone anything that can be construed as "slamming." To the contrary, the Board's right to terminate him was upheld. Secondly, there was no direction to retain Gurumani as director as that is the status quo, a fact which is clearly stated in the order. It is clear that neither your reporter nor editor had even read the order. The Times of India research and reporting on this matter was factually incorrect and misleading.
- (3) The second sentence repeats the same falsehood a third time, asserting that "the court held that the sacking was not in accordance with the law." Again, this blatantly false. Moreover, even the second part of this sentence is false. It states that the court "also restrained the new managing director of SKS Microfinance from taking any policy decision for the time being." To the contrary, the court said that "in tune with the provisions of the Companies Act, 1956.... Managing Director and Chief Executive Officer of the respondent company shall not take any major policy decisions concerning the respondent company without prior approval of the Board of Directors.' This order therefore does not restrain the current Managing Director but simply restates a statutory provision of the Companies Act that already exists: namely, that any major policy decisions should be approved by the Board of Directors. That is true for every company in India, listed or unlisted.
- (4) The third sentence also has a mistake. It refers to a petition of "shareholders of the company," and goes on to refer to them as "they," and "the petitioners," suggesting there

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was more than one. In fact, this was a petition by one shareholder who holds 18 shares (which is less than .00002% of the company.).

To summarize, the article on the front page of the business section, "HC puts Gurumani back on SKS Microfinance Board," on October 8, 2010 has a series of inaccurate and misleading statements about the termination of SKS Microfinance Managing Director and CEO, Suresh Gurumani. The article ignored the clear following fact the Andhra Pradesh High Court affirmed SKS Board's right to terminate his appointment as MD & CEO, it suggested that the court restrained the Managing Director from taking policy decisions when the court did not do this, and suggested that a group of shareholders filed the petition, when in fact it was only one.

For all these reasons, the article is a poor and irresponsible piece of journalism. We normally have high regard for the Times of India. It is a shame that the esteemed journalistic standards normally found in your newspaper have been trampled upon with this story.

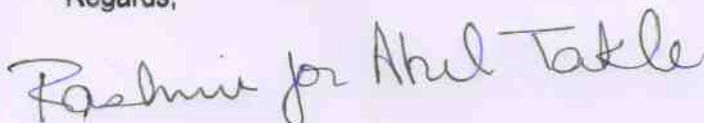
In light of this, we request an immediate retraction.. We should note that that, unlike a typical company, SKS Microfinance customers are millions of poor women across the country who desperately need access to finance. Any inaccurate or misleading reporting therefore not only has an impact on the company and its shareholders, but even more importantly on the ability of these women to access the finance they need to earn income and get out of poverty.

Please let me know if you need any further clarification or if you have any questions.

For further clarifications, please contact:

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Regards,



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