

EARNINGS UPDATE Q1FY15



JULY 2014

SKS Microfinance Limited

BSE: 533228 • NSE: SKSMICRO

Corporate Identity No. L65999MH2003PLC250504

www.sksindia.com

CONTENTS

- Strong Performance in Q1FY15
- Turnaround Achieved
- Durable foundation for Sustainable Growth
- Positive Developments Post-AP-MFI Crisis
- Operational Highlights
- Review of Financials
- Financial Architecture
- Capital Structure
- Annexures

STRONG PERFORMANCE IN Q1FY15

- SKS completes QIP of Rs. 398 crore with multiple times oversubscription.
- Networth of Rs. 891 crore and capital adequacy at 39.6%* as of June 30, 2014.
- SKS credit rating for bank borrowings was upgraded to A1+ from A1 for short-term facilities and to A+ from A for long-term facilities for an aggregate sum of Rs. 2,000 crore.
- Cost of Borrowing reduced by 1.2% QoQ.
- Incremental drawdowns of Rs.575 crore in Q1FY15.
- Loan disbursement of Rs. 1,160 crore in Q1FY15 (growth of 40% YoY).
- Non-AP Portfolio was Rs. 2,783 crore as of June 30, 2014 (growth of 39% YoY) and a growth of 7% QoQ based on average non-AP portfolio for the period.
- Net interest income (including processing fees) grew by 41% YoY and 25% QoQ.
- 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 Q1FY15.
- PAT of Rs. 49.3 crore in Q1FY15 compared to Rs. 27.1 crore in Q4FY14.
- Cash & Cash equivalent^ of Rs.488 crore.
- Mr.S Balachandran joins as Independent director. Key positions held by him in the past are: Additional member (Budget) - Ministry of Railways; MD-IRFC; Joint Director-CAG.

Note:

**Capital adequacy without RBI dispensation on AP provisioning*

^ Excluding security deposit

Figures rounded off to the nearest digit across the presentation. Figures and ratios have been regrouped wherever necessary

Non-AP is excluding the State of Andhra Pradesh & Telangana

TURNAROUND ACHIEVED

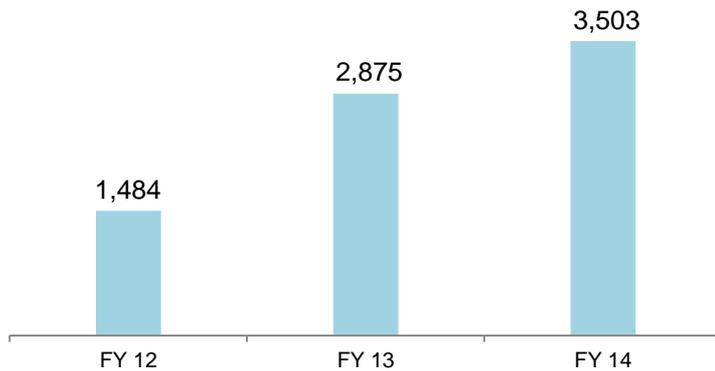
INR crore

Balance Sheet Cleansed

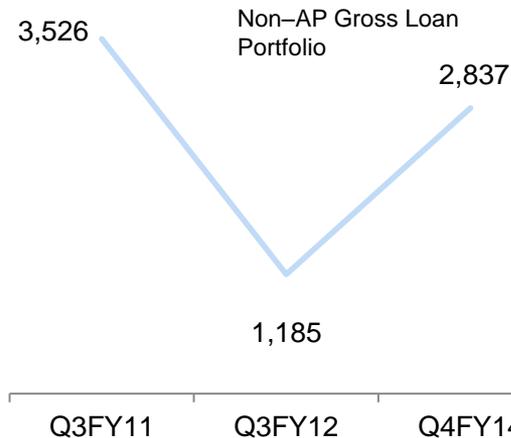
AP exposure of Rs. 1,360 crore written off/ provided for

Supply-side Shock Managed

Drawdowns



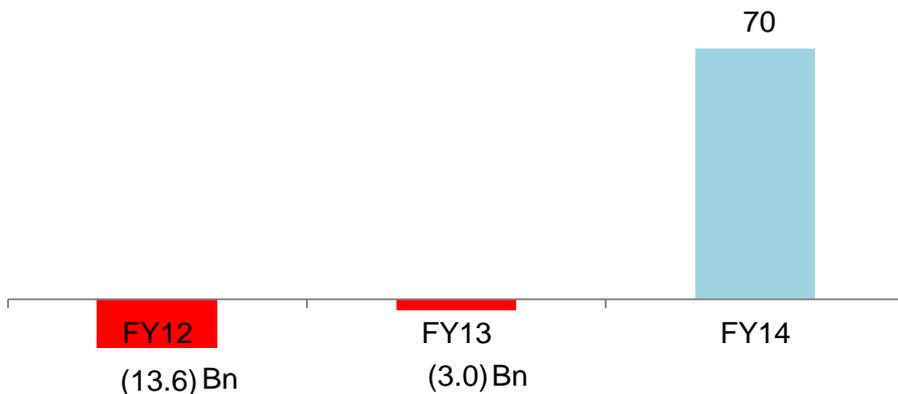
Credit Growth Resumed



Cost Structure Optimization

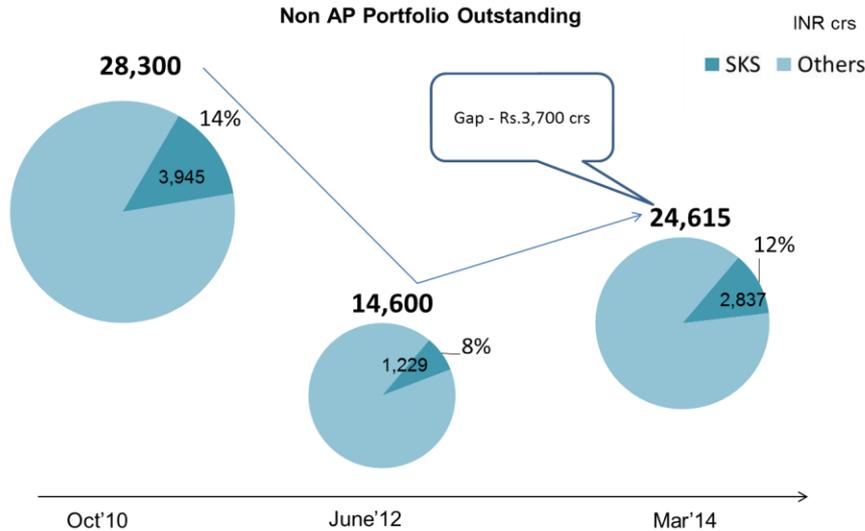
	Q3FY11	Q4FY14	Var.
Branches	2,403	1,255	-48%
Other Opex (INR crore)	51	21	-60%
Headcount	25,735	8,932	-65%
Personnel Cost (INR crore)	89	43	-52%

Return To Profitability



DURABLE FOUNDATION FOR SUSTAINABLE GROWTH

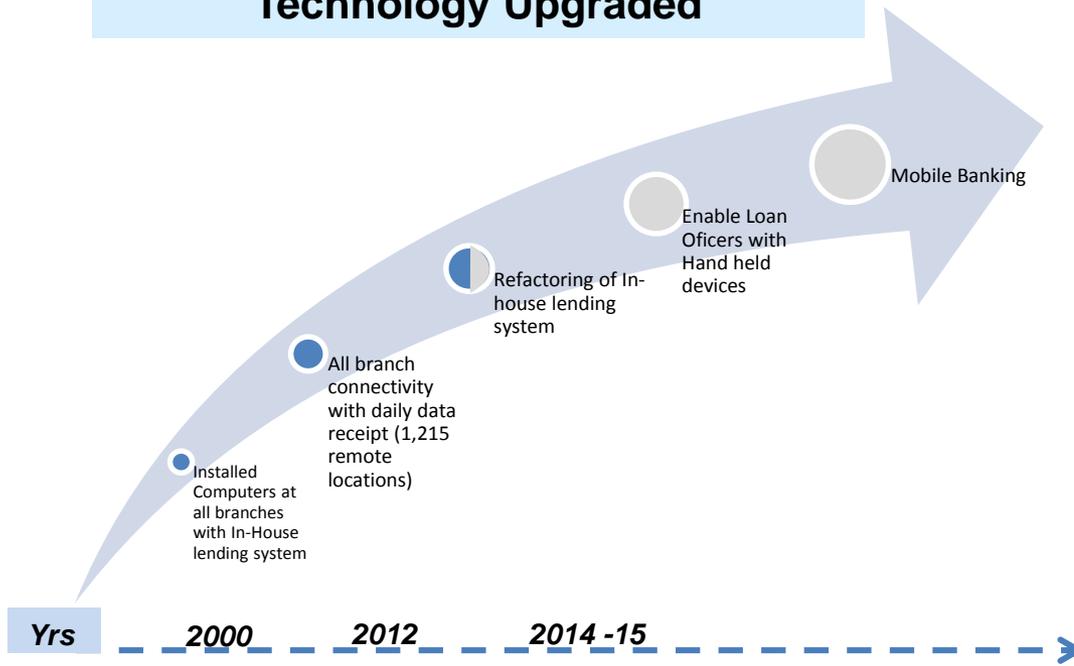
Market Share Regained



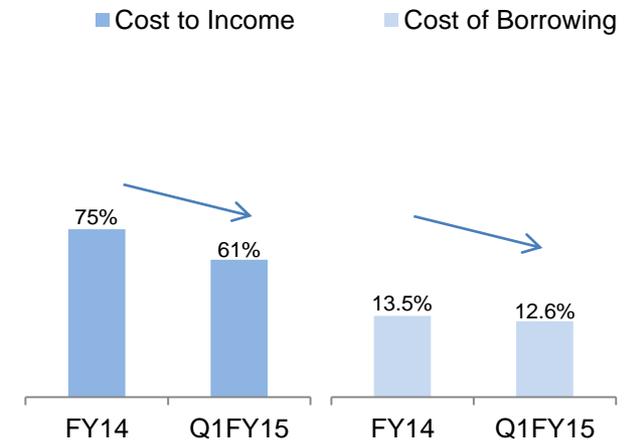
Capital Reinforced

- QIP of Rs. 398 crs in May'14
- Networth - Rs. 891 crs
- CAR - 39.6%

Technology Upgraded



Efficiency Gains



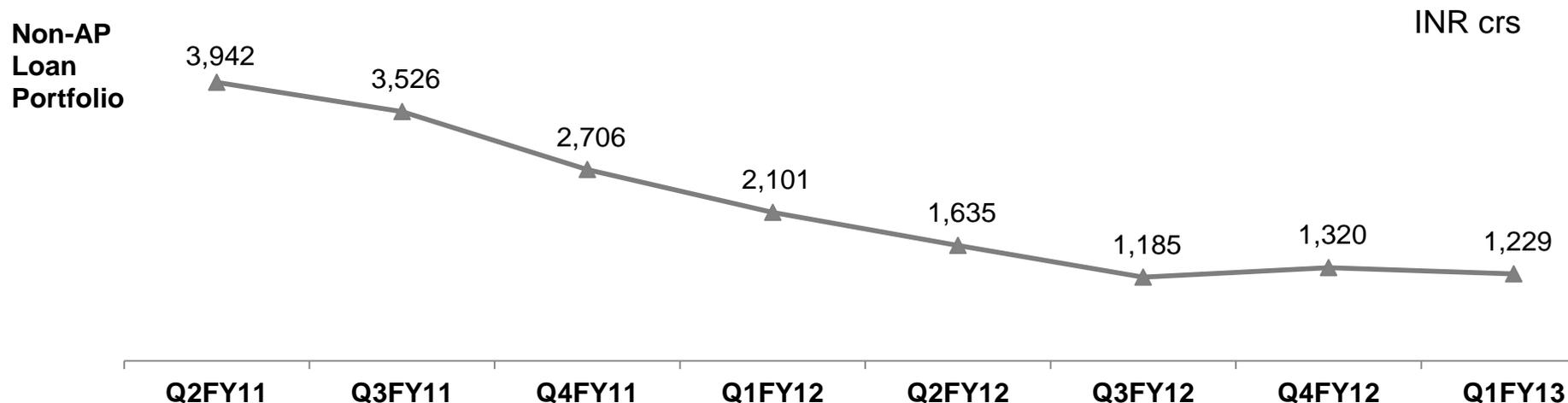
CLARITY ON MAJOR UNCERTAINTIES POST-AP-MFI CRISIS

WHAT DOESN'T KILL YOU, MAKES YOU STRONGER - POSITIVE DEVELOPMENTS POST-AP-MFI CRISIS

Concerns	Clarity
<p>Will there be multiple regulators?</p>	<ul style="list-style-type: none"> ▪ Regulatory clarity – RBI to be the sole regulator
<p>Funding uncertainty?</p>	<ul style="list-style-type: none"> ▪ Priority sector status continues ▪ MFIs is the only indirect priority sector dispensation
<p>Will there be contagion?</p>	<ul style="list-style-type: none"> ▪ No contagion ▪ More than 3.5 years -- no other state has followed suit
<p>Has the business model been challenged?</p>	<ul style="list-style-type: none"> ▪ Collection efficiency maintained despite disbursements being a fraction of collections. ▪ No alternative credit delivery model has gained currency
<p>How will the AP situation get resolved?</p>	<ul style="list-style-type: none"> ▪ Legal relief ▪ Customer sentiment ▪ Central legislation
<p>What will be the economics under regulated interest rate regime?</p>	<ul style="list-style-type: none"> ▪ RoA of 3-4% on a steady-state basis

OPERATING MODEL VAILIDITY ESTABLISHED

Collection efficiency of 97% during wind-down mode dispels ever greening myth



1.9 million borrowers repaid loans without incremental lending

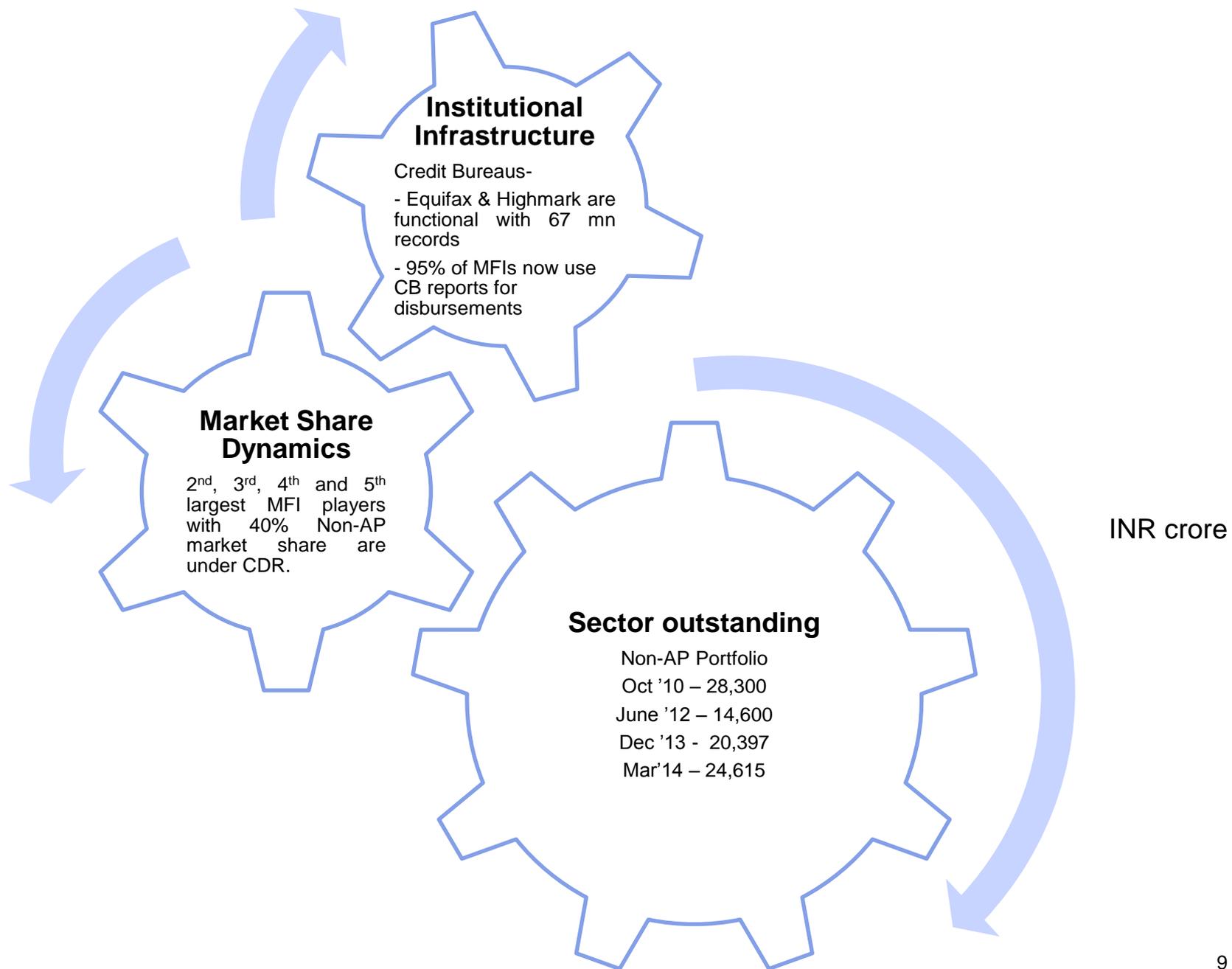
in Millions

No. of non-AP borrowers who repaid on-time during this period	5.2
No. of non-AP members who availed loans during this period	3.3
No. of non-AP members who didn't receive any incremental credit from SKS during this period	1.9

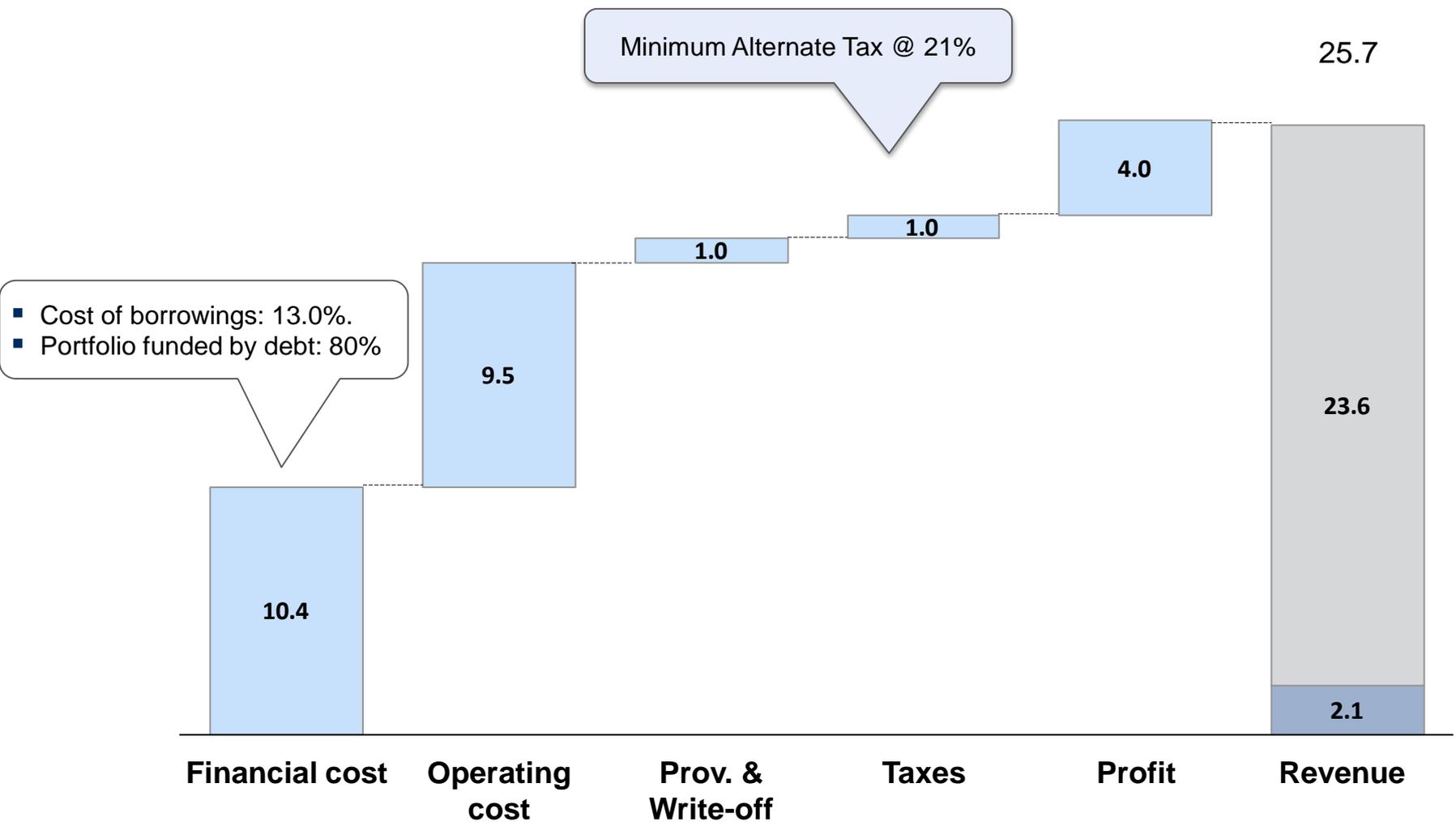
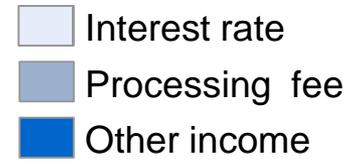
Internal generation - and not incremental debt - aids prompt repayment

MFI Industry non- AP Portfolio Outstanding (Rs Cr)	
Oct'10	28,300
June'12	14,600

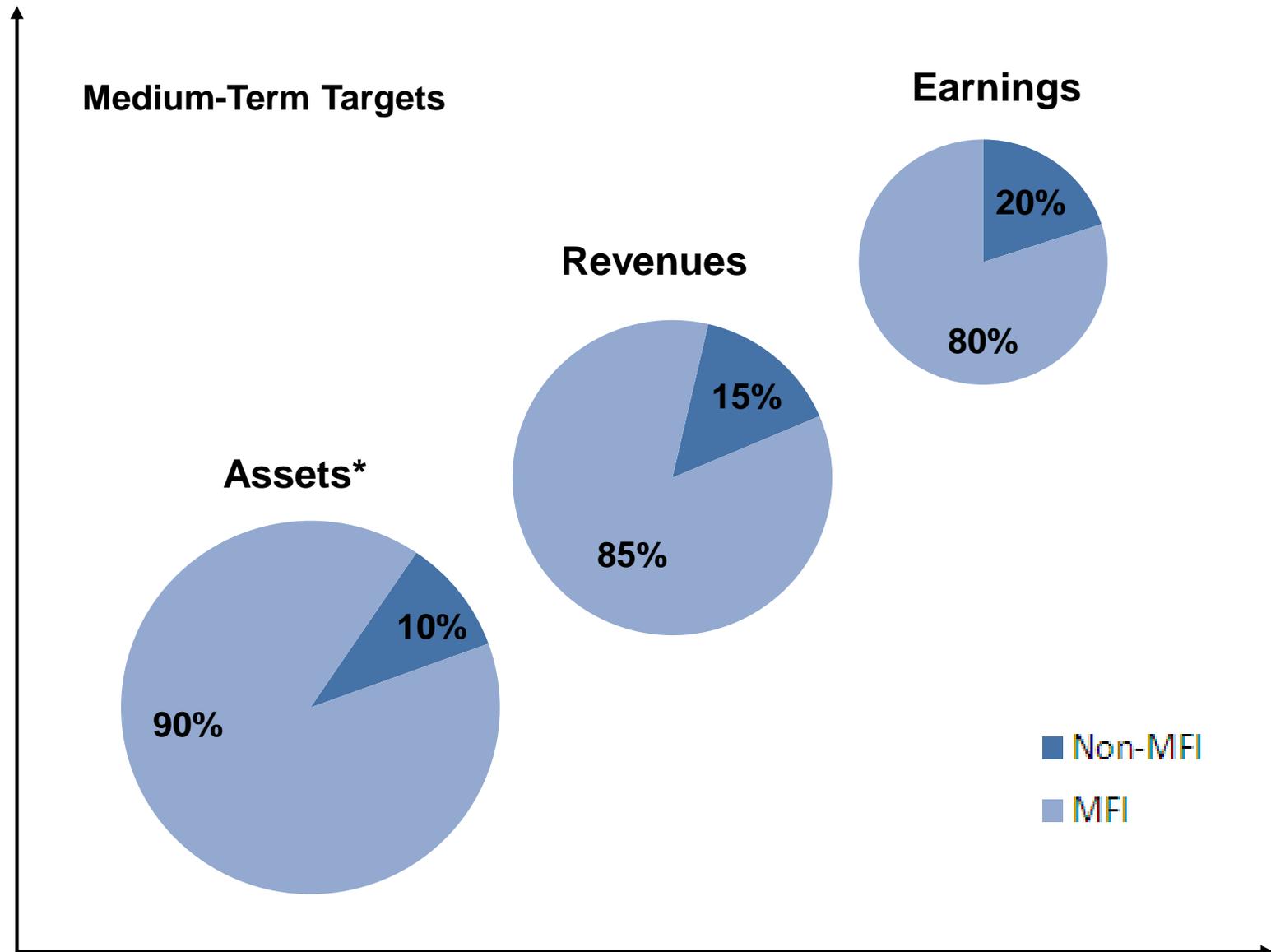
COMPETITIVE LANDSCAPE CHANGES TO SKS' ADVANTAGE



STEADY-STATE ROA OF 4% CAN BE TARGETED



CREATIVE DISTURBANCE TO ASSET-REVENUE-EARNING CORRELATION



*Note: Core microfinance will continue to be more than 90% of credit assets

PRODUCTIVITY GAINS & COST EFFICIENCY ENABLE SKS TO LEVERAGE THE CONDUCTIVE ENVIRONMENT

	Best before AP MFI crisis	Worst during AP MFI crisis	Q4FY14	Q1FY15
<u>Productivity – Non-AP:</u>				
Borrowers/ SM	489*	287	721	754
Gross Loan Portfolio/ SM ('000)	3,640*	1,320	6,275	6,280
Offtake Avg.	10,299*	9,237	11,849	10,669
<u>Cost Efficiency:</u>				
Cost of borrowings %	10.3%^	16.0%^	13.8%#	12.6%#
Opex/ Gross Loan Portfolio %	10.4%	21.7%	8.8%	9.6%
Cost to Income Ratio	52.4%	275%	69.0%	60.8%
<u>Credit Quality - Non-AP:</u>				
Gross NPA%	0.20%*	5.5%	0.1%	0.2%
Net NPA%	0.16%*	2.9%	0.1%	0.2%
Collection Efficiency %	99.8%*	94.9%	99.9%	99.9%

*Enterprise figures - includes figures from AP state

^Includes processing fee for on and off balance sheet (b/s) funding

Includes processing fee for on b/s funding only

OPERATIONAL HIGHLIGHTS

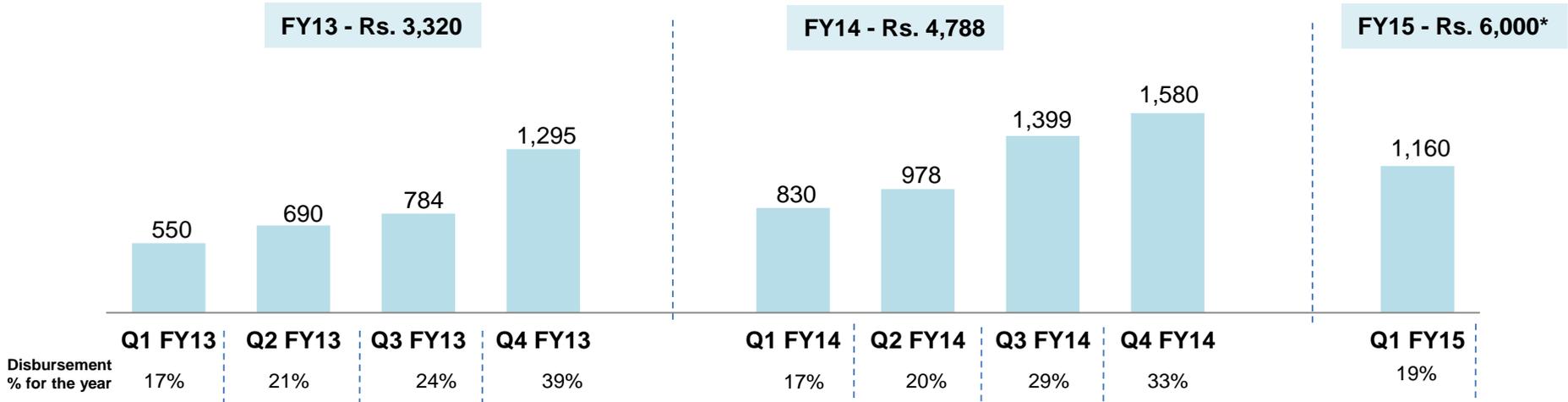
OPERATIONAL HIGHLIGHTS

Particulars	Jun-13	Jun-14	YoY%	Mar-14	QoQ%
Branches#	1,255	1,268	1%	1,255	1%
Centers (Sangam)	213,114	226,856	6%	228,188	-1%
- Centers in non-AP States	142,534	156,176	10%	157,511	-1%
Employees (i) + (ii) + (iii) + (iv) + (v) + (vi)	9,959	8,914	-10%	8,932	-0.2%
• Field Staff (i) + (ii) + (iii) + (iv) + (v)	9,725	8,651	-11%	8,681	-0.3%
– Sangam Managers* (i)	6,429	5,124	-20%	5,259	-3%
– Sangam Manager Trainees(ii)	92	293	218%	281	4%
– Branch Management Staff (iii)	2,150	2,179	1%	2,191	-1%
– Area Managers (iv)	87	89	2%	85	5%
– Regional Office Staff (v)	967	966	-	865	12%
• Head Office Staff (vi)	234	263	12%	251	5%
Members (in '000)	5,074	5,796	14%	5,783	0.2%
– Members in non-AP States (in '000)	3,154	3,877	23%	3,864	0.3%
Active borrowers (in '000)	4,439	5,042	14%	4,963	2%
– Active borrowers in non-AP States (in '000)	2,729	3,342	22%	3,262	2%
No. of loans disbursed (in '000)	742	1,089	47%	1,336	-19%
Disbursements (for the quarter) (INR crore)	830	1,160	40%	1,580	-27%
Gross loan portfolio – Non-AP (INR crore) (A+B)	2,003	2,783	39%	2,837	-3%
• Loans outstanding (A)	1,611	2,041	27%	1,528	34%
• Securitized/ Assigned/ Managed loans (B)	392	742	89%	1,309	-43%
Operational Efficiency – Non-AP :					
Off-take Avg (Disbursements/ No of Loans disbursed)(INR)	11,194	10,669	-5%	11,849	-10%
Gross loan portfolio/ Active Borrowers (INR)	7,338	8,328	13%	8,698	-4%
Gross loan portfolio/ No. of Sangam Managers (Rs. '000)	3,598	6,280	75%	6,275	-0.1%
Active borrowers / No. of Branches	2,373	2,929	23%	2,864	2%
Active borrowers / No. of Sangam Managers	490	754	54%	721	5%

*Sangam Managers are our loan officers who manage our centers (also called Sangams). As of June '14, we had 4,432 Sangam Managers in Non-AP States # Incl. Gold branches

Q1FY15 DISBURSEMENT IS IN LINE WITH HISTORICAL TREND OF SEASONALITY

INR crore

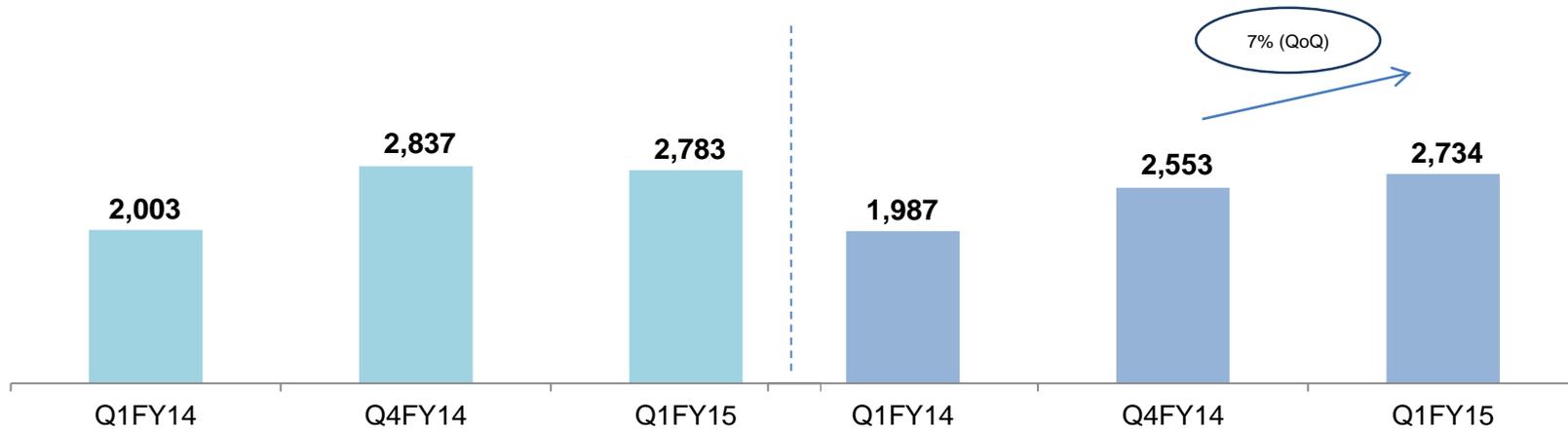


* Guidance

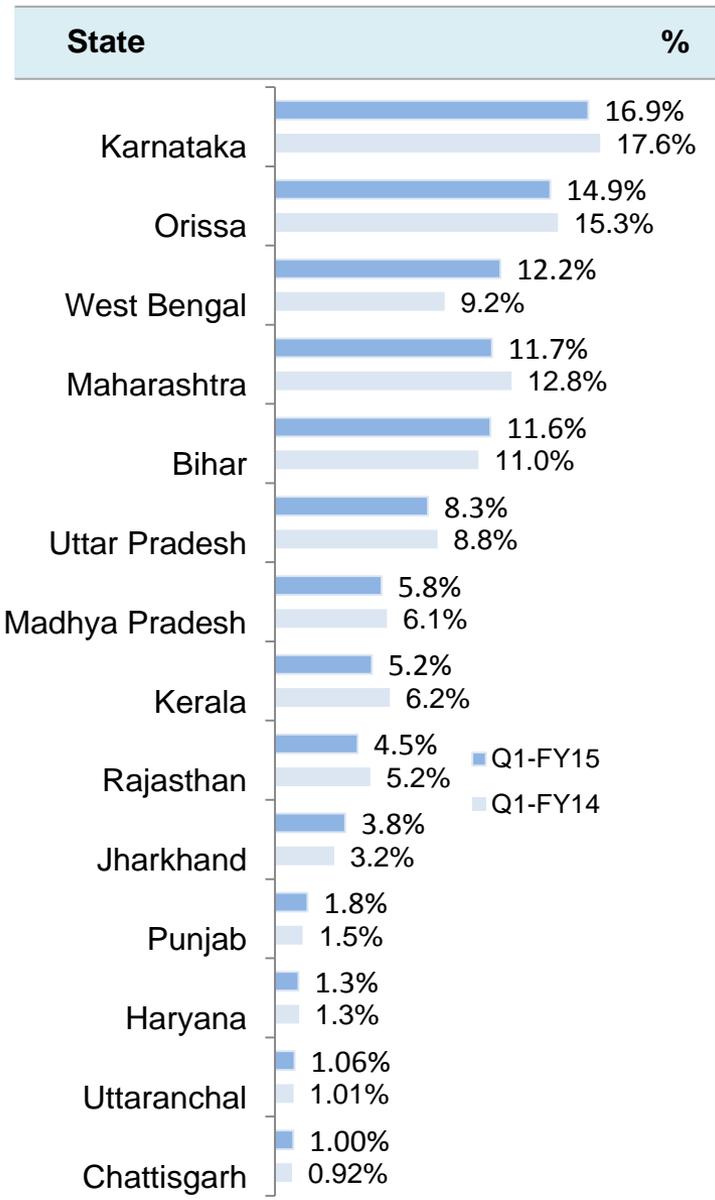
Non-AP Gross Loan Portfolio

Closing portfolio

Calculated on monthly closing Avg.



PORTFOLIO MIX



CONCENTRATION NORMS

Metric	% Cap on Disbursement*	POS % Cap of Network
State	<ul style="list-style-type: none"> <15% (20% for Karnataka) 	<ul style="list-style-type: none"> 50%
District	<ul style="list-style-type: none"> <3 % (4% for Karnataka) 	<ul style="list-style-type: none"> 5% (Only 5% of total operating districts can go up to 10% of Network)
Branch	<ul style="list-style-type: none"> <1 % (1.25 % for Karnataka) 	<ul style="list-style-type: none"> 1% (Only 5% of the total operating branches can go up to 2% of Network)
NPA	<ul style="list-style-type: none"> No disbursement to a branch with NPA > 1 % 	
Collection efficiency	<ul style="list-style-type: none"> No disbursement to a branch with on-time collection efficiency of < 95% 	

*Subject to tolerance of 10%

VINTAGE OF NON-AP BRANCHES IS ~6 YEARS

State	No. of Branches	Wt. Avg. Vintage (in Yrs.)*
Karnataka	175	6.5
West Bengal	157	5.7
Odisha	147	6.2
Bihar	121	6.0
Maharashtra	120	6.2
Uttar Pradesh	106	5.7
Madhya Pradesh	65	6.5
Rajasthan	60	5.9
Kerala	44	4.3
Jharkand	37	6.4
Chattisgarh	19	7.0
Punjab	18	4.9
Haryana	15	5.2
Uttaranchal	9	6.0
Delhi	3	5.9
Gujarat	1	6.5
Non -AP	1,097	6.0

PORTFOLIO OUTSTANDING BY ECONOMIC ACTIVITY

Purpose	% Mix
Livestock	24%
Tailoring, Cloth weaving	10%
Grocery stores and other retail outlets	9%
Masonry, Painting, Plumbing, Electrician, Carpenter and related	7%
Trading of vegetables & fruits	7%
Trading of agri-commodities	6%
Vehicle repairs	6%
Eateries	5%
Agriculture	4%
Garments & Footwear retailing	3%
Other income generating activities	19%

As of June 2014

* Excludes 44 Gold Loan Branches.

UPDATE ON GOLD LOANS - PILOT PROGRAMME

Particulars	June 14
Total Gold Loan Portfolio Outstanding	59
Current Gold Holding Value*	89
Security Coverage (89/59 crores)	150%
SKS Non-AP Gross Loan Portfolio	2,783
Gold loans as % of SKS Non-AP Gross Loan Portfolio	2.1%

Notes:

*Price of Rs. 2,587/ gm (June 30, 2014) applied on net weight of gold i.e. after deduction for stones and impurities on gross weight

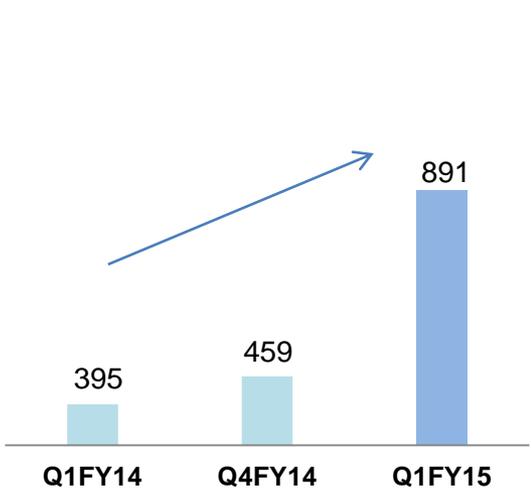
(Source: India Bullion & Jewellers Association – 22 carat spot rate)

REVIEW OF FINANCIALS

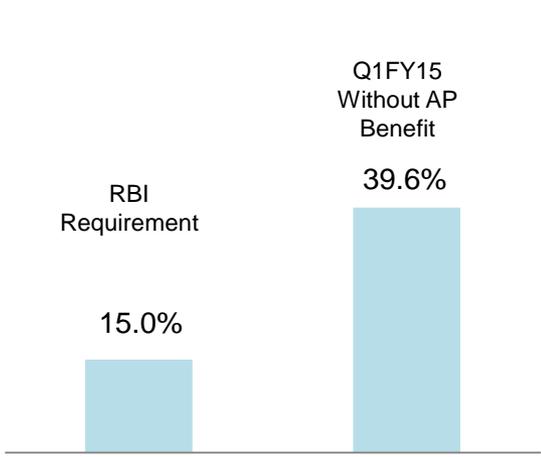
STRONG SOLVENCY AND SUFFICIENT LIQUIDITY

INR crore

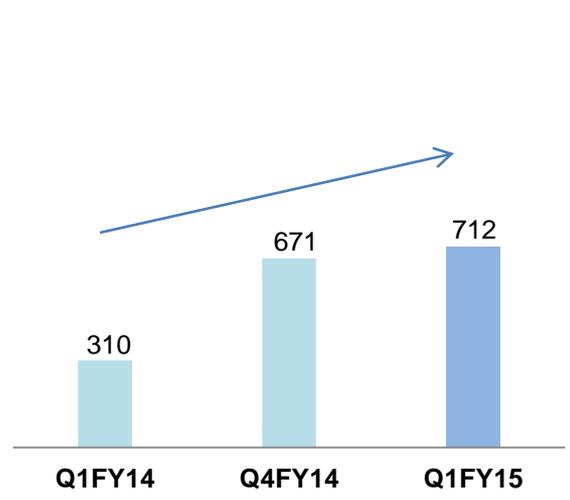
Networth



Capital Adequacy

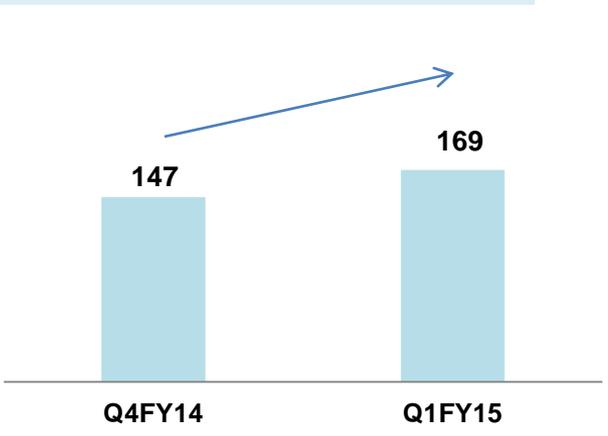


Cash and Bank Bal.

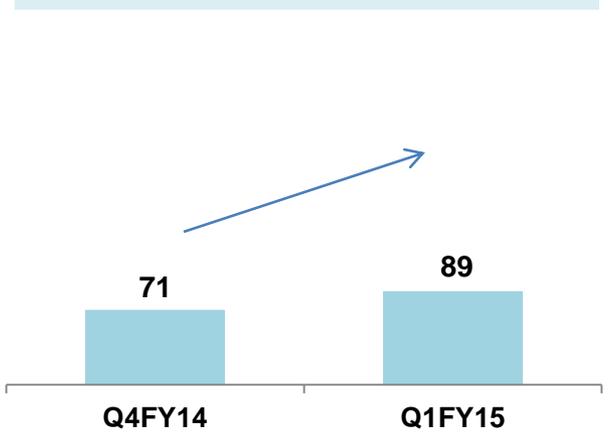


GROWTH IN REVENUE AND PROFIT

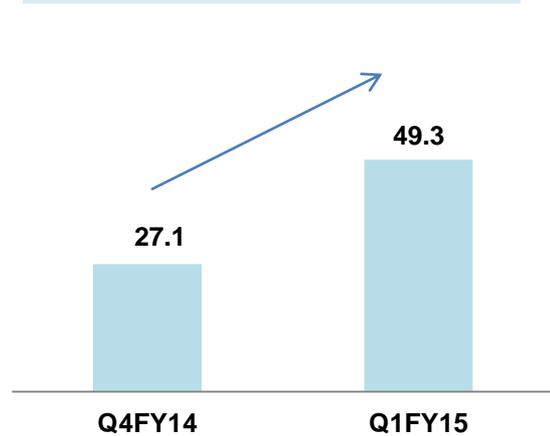
Gross Revenue



Net Interest Income*



PAT



*Interest income on Portfolio loans + Income from Assignment/ Securitization + Loan processing fees – Financial Cost

GROWTH IN NET INTEREST INCOME DRIVES PROFITABILITY

INR crore

Particulars	Q1FY14	Q1FY15	YoY%	Q1FY15 As % of Total Revenue	Q4FY14	QoQ%
<u>Income from Operations</u>						
Interest income on Portfolio loans	88	103	17%	61%	95	9%
Income from Assigned loans	15	24	67%	14%	22	10%
Loan processing fees	7	10	32%	6%	9	5%
<u>Other Income</u>						
Income on investments	8	9	17%	6%	5	101%
Recovery against loans written off	2	9	-	5%	8	16%
Other miscellaneous income	2	13	-	8%	9	56%
Total Revenue	123	169	38%	100%	147	15%
Financial expenses	47	48	2%	28%	55	-13%
Personnel expenses	42	54	28%	32%	43	25%
Operating and other expenses	17	19	10%	11%	20	-5%
Depreciation and amortization	1	1	18%	1%	1	13%
Total Operating Cost	60	74	23%	44%	64	16%
Provision & Write-offs	11	(1.9)	-	-1%	1.5	-
Total Expenditure	118	120	2%	71%	120	-0.5%
Profit before Tax	5	49.3	-	29%	27.1	82%
Tax expense						
Profit after Tax	5	49.3	-	29%	27.1	82%

STRONG CAPITAL BASE AND ROBUST LIQUIDITY DRIVE SKS BALANCE SHEET

INR crore

Particulars	Q1FY14	Q1FY15	YoY%	Q4FY14	QoQ%
Equity share capital	108	126	16%	108	16%
Stock options outstanding	20	19	-5%	20	-2%
Reserves and surplus	266	746	180%	331	125%
Capital & Reserves	395	891	126%	459	94%
Loan funds	1,404	1,675	19%	1,531	9%
Payable towards assignment/ Securitization	111	169	52%	180	-6%
Expenses & other payables	12	20	70%	28	-30%
Provision for Taxation	20	6	-68%	6	4%
Unammortised loan processing fees	15	20	35%	21	-2%
Employee benefits payable	5	9	87%	7	24%
Interest accrued but not due on borrowings	7	6	-14%	6	-
Interest accrued and due on borrowings	-	4	-	2	100%
Provision for leave benefits & gratuity	9	12	31%	11	10%
Statutory dues payable	2	4	85%	1	-
Unrealized gain on securitization transactions	12	11	-6%	37	-69%
Provision for standard and NPA -- Non-AP	17	30	75%	29	3%
Provision for standard and NPA -- AP	257	125	-51%	179	-30%
Liabilities	1,871	2,091	12%	2,038	3%
Total Liabilities	2,266	2,982	32%	2,497	19%
Fixed assets	8	5	-37%	7	-25%
Intangible assets	3	5	104%	5	15%
Investment	0.2	0.2	-	0.2	0%
Cash and bank balances	310	712	130%	671	6%
Sundry debtors	0.2	6	-	5	8%
Interest accrued and due on loans	0.2	1	-	1	-11%
Interest accrued but not due on loans	9	9	2%	7	26%
Interest accrued but not due on deposits with banks	9	12	37%	10	27%
Interest strip on securitization transactions	12	11	-6%	37	-69%
Portfolio loans -- Non-AP	1,611	2,008	25%	1,460	38%
Portfolio loans -- AP	257	145	-44%	193	-25%
Loans placed as collateral	22	33	52%	68	-51%
Security deposits for rent and other utilities	4	4	2%	4	1%
Advances for Loan Cover Insurance	1	1	-1%	1	-2%
Surrender amount receivable from insurance co.	1	3	-	3	-2%
Loans to SKS employee benefit trust	5	5	-6%	5	-6%
Advance Income Tax	10	16	53%	14	14%
Prepaid insurance	1	1	-9%	2	-52%
Other advances	3	5	60%	4	21%
Total Assets	2,266	2,982	32%	2,497	19%
Note:1 Non-AP Assigned Portfolio	392	742	89%	1,309	-43%
2. Non-AP Gross Loan Portfolio	2,003	2,783	39%	2,837	-2%

GROWTH IN NET INTEREST INCOME REDUCES COST TO INCOME RATIO

Particulars		Q1 FY14	Q4 FY14	Q1 FY15
Spread Analysis (as % of Avg. Gross Loan Portfolio)				
Gross Yield	(I)	20.9%	20.4%	22.1%
Portfolio Yield		17.5%	16.2%	16.6%
Financial Cost	(a)	8.0%	7.6%	6.2%
Operating Cost	(b)	10.2%	8.8%	9.6%
Provision and Write-offs	(c)	1.9%	0.2%	-0.2%
Taxes	(d)	-	-	0.0%
Total Expense	II = (a+b+c+d)	20.0%	16.6%	15.6%
Return on Avg. Gross Loan Portfolio	(I) - (II)	0.8%	3.8%	6.4%
Efficiency:				
Cost to Income		79.1%	69.0%	60.8%
Asset Quality – Non-AP:				
Collection Efficiency		99.9%	99.9%	99.9%
Gross NPA		0.3%	0.1%	0.2%
Net NPA		0.3%	0.1%	0.2%
Gross NPA (INR crore)		5.1	1.9	4.0
Net NPA (INR crore)		4.5	1.6	3.4
Leverage:				
Debt : Equity		3.6	3.3	1.9
Debt : Equity (Incl. Managed Loans)		4.6	6.0	2.6
Capital Adequacy*:				
		21.6%	20.7%	39.6%
EPS - Diluted (INR) (Not Annualised)		0.46	2.50	4.27
Book Value (INR)		36.50	42.44	70.75

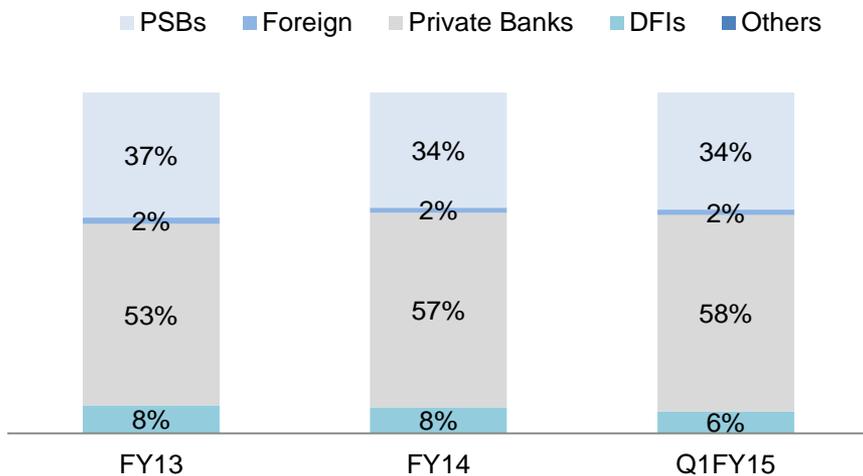
ROA and ROE (excluding AP recovery & cross-sell) is 3.3% and 18.7% for Q1FY15

*Capital adequacy without RBI dispensation on AP

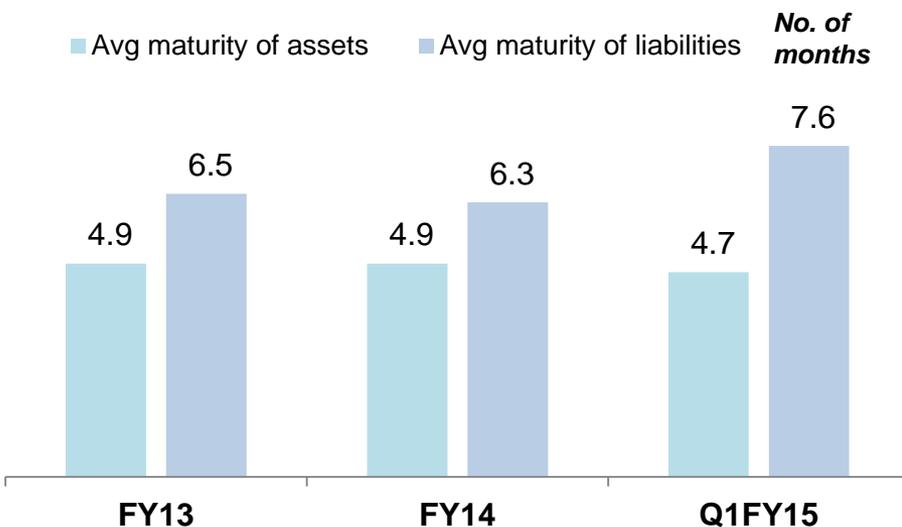
FINANCIAL ARCHITECTURE

FINANCIAL ARCHITECTURE (1/2)

Stable Funding Partners



Positive ALM Mismatch



Lenders Mix

On Balance Sheet	June - 14	Mar - 14	June - 13
Yes Bank	23.3%	19.1%	30.3%
Bank of Maharashtra	11.9%	-	-
State Bank Group	8.5%	9.4%	5.5%
ICICI Bank	7.7%	8.2%	7.1%
HDFC Bank	7.6%	2.9%	3.1%
SIDBI	7.6%	10.8%	10.7%
Axis Bank	7.1%	5.3%	3.1%
IDBI Bank	5.8%	13.1%	20.1%
Dena Bank	5.4%	7.2%	3.7%
Andhra Bank	4.7%	5.7%	4.5%
IndusInd Bank	4.6%	8.9%	2.5%
Citi Bank	2.2%	2.8%	2.9%
DCB Bank	1.6%	2.5%	0.9%
Reliance Capital	1.4%	2.9%	-
Others	0.7%	1.2%	2.3%
Total (INR crs)	1,675	1,531	1,404

FINANCIAL ARCHITECTURE (2/2)

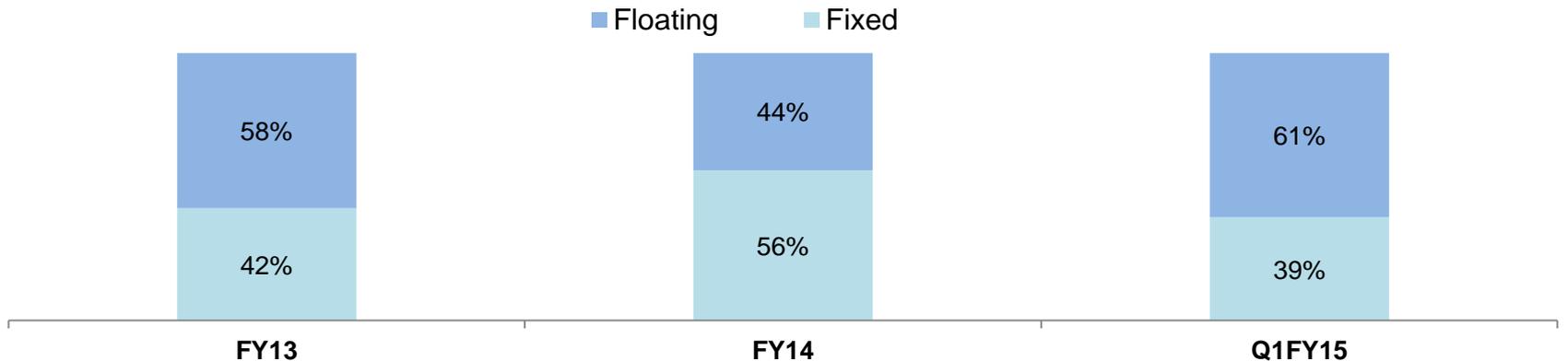
Funding Cost Analysis

Metric	Q1FY14	Q2FY14	Q3FY14	Q4FY14	Q1FY15
Cost of interest bearing liabilities (excluding processing fee paid & other charges)	12.2%	12.7%	12.9%	12.8%	12.0%
Cost of interest bearing liabilities (including processing fee paid on Loans on Balance sheet)	13.2%	13.6%	13.4%	13.8%	12.6%
Cost of interest bearing liabilities (including processing fee and other charges paid for On & Off B/S loans)	13.5%	14.3%	13.8%	14.9%	12.8%
Loan Processing Fees (INR crore)	3.8	4.4	3.0	6.0	1.2
Drawdowns (INR crore)	215	1,010	566	1,713	575
Financial Cost [^]	8.0%	9.3%	9.2%	7.6%	6.2%

[^] Financial expenses to Avg. Gross Loan Portfolio
 Note: loan processing fees paid are expensed upfront whereas loan processing fees received from borrowers are amortized over the period of contract.

The above percentages are based on monthly averages (except financial cost %).

Interest Rate Mix



EXTERNAL ASSESSMENT

Rating Agency	Grading / Rating
CARE	MFI Grading: Upgraded from 'MFI 2+' to 'MFI 1'
	Bank Loan Rating for a limit up to Rs. 2,000 Crs.- <ul style="list-style-type: none"> ▪ Long-term Bank facility: Upgraded from 'CARE A' to 'CARE A+' ▪ Short-term Bank facility: Upgraded from 'CARE A1' to 'CARE A1+'
	Short-term Debt (CP/NCD) for a limit up to Rs. 100 Crs.: 'CARE A1+'
	Securitisation Pool rating in FY14- <ul style="list-style-type: none"> ▪ 4 transactions rated 'CARE A1+(SO)' ▪ 3 transactions rated 'CARE AA(SO)' ▪ 3 transactions rated 'CARE A+(SO)'
CRISIL	Securitisation Pool rating in FY14- <ul style="list-style-type: none"> ▪ 3 transactions rated 'CRISIL AA (SO)'
ICRA (iMaCS)	Code of Conduct Assessment Report: Score upgraded from 7.1/10 (in Dec'11) to 7.9/10 (in Mar'14)

ADJUSTED PRICE TO BOOK COMPUTATION

	June-14
Book value per share (INR) (A)	71
Present value of DTA per share (B)^	25
Book value per share – Including PV of DTA (INR) (A+B)	96
Adjusted Price to Book Ratio (times)	2.9

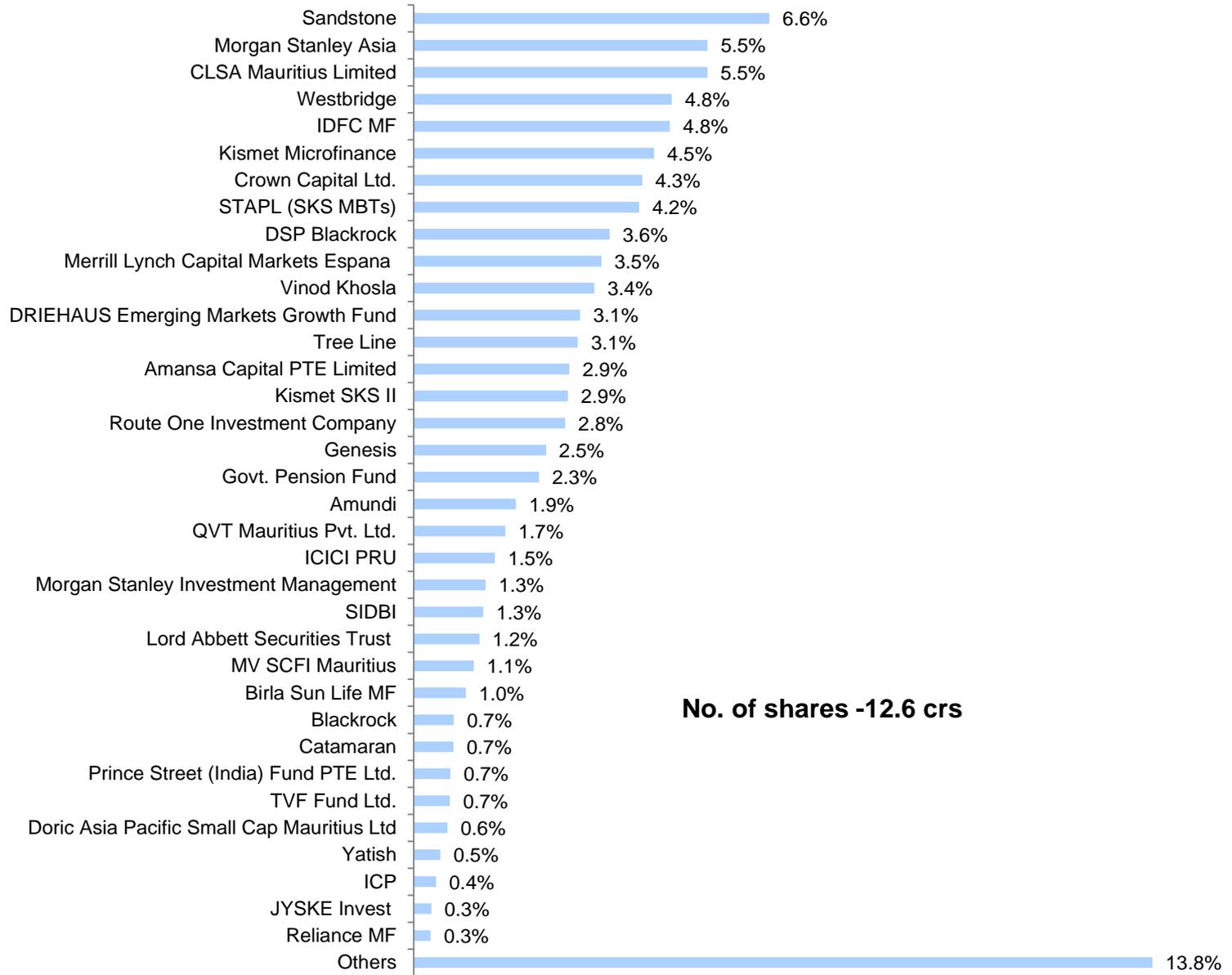
Note:

^ Estimated Present Value of Deferred Tax Assets not recognized in books per share.

DTA as on June 30, 2014 is Rs. 542 crore. Discount rate assumed at 13.5% and applied over next 8 years' estimated profit.

SKS Market Price as of July 24, 2014 – Rs. 277

CAPITAL STRUCTURE AS ON 18TH JULY 2014



No. of shares -12.6 crs

*Includes Kumaon Investment

Note: The Investment under different accounts by the fund are clubbed under their respective names

ANNEXURES

OUR PROVISIONING POLICY

Asset Classification

	<u>RBI NBFC-MFI norms</u>	<u>SKS compliance</u>
Standard Assets	0-90 days	0-60 days
Sub-Standard Assets	91-180 days	61-180 days
Loss Assets	>180 days	>180 days

Provisioning Norms

Standard Assets	1% of overall Portfolio reduced by Provision for NPA (If provision for NPA < 1% of overall Portfolio)	0.25-1% depending on NPA or as stipulated by RBI, whichever is higher
Sub-Standard Assets	50% of instalments overdue*	50% of outstanding principal*
Loss Assets	100% of instalments overdue*	100% of outstanding principal/ write-off*

* The aggregate loan provision will be maintained at higher of 1% of overall portfolio or sum of provisioning for sub-standard and loss assets.

Note: AP portfolio has been fully provided for

COMPLIANCE WITH RBI NBFC-MFI REGULATORY FRAMEWORK (1/2)

RBI PSL norms for NBFC-MFIs

SKS compliance

NBFC-MFIs

- Qualifying assets to constitute not less than 85% of its total assets (excluding cash and bank balances)
 - At least 70% of loans for income generation activities
- Qualifying assets - 93%
 - Income generation loans >95%

Qualifying Assets Criteria*

Income of Borrower's Family

- Rural : <=Rs.60,000
 - Non-Rural : <=Rs. 1,20,000
- ✓

Ticket Size

- <= 35,000 – 1st cycle
 - <= Rs.50,000 – Subsequent cycle
- ✓

Indebtedness

- <= Rs. 50,000
- ✓

Tenure

- If loan amt. > Rs.15,000, then >= 24 months
- ✓

Collateral

- Without collateral
- ✓

Repayment Model

- Weekly, Fortnightly and Monthly
- ✓

* SKS compliance relates to income generation loans which comprise 95% of total loans.

COMPLIANCE WITH RBI NBFC-MFI REGULATORY FRAMEWORK (2/2)

RBI PSL norms for NBFC-MFIs

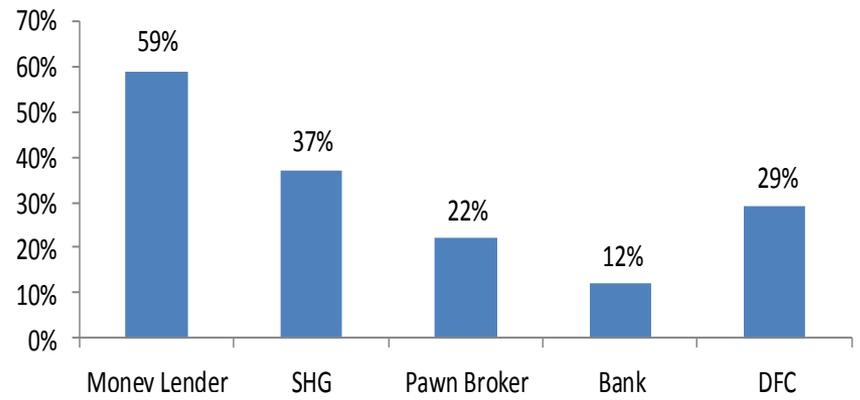
SKS compliance

Pricing Guidelines

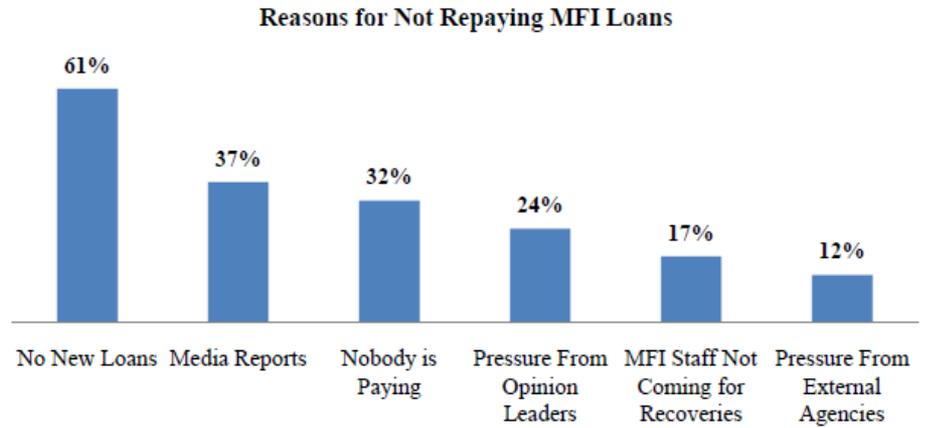
Interest Rate	▪ Margin cap – 10% above cost of borrowings	✓
Processing Fees	▪ <= 1% of loan amt.	✓
Insurance Premium	▪ Actual cost of insurance can be recovered from borrower and spouse ▪ Administrative charges can be recovered as per IRDA guidelines	✓
Penalty	▪ No penalty for delayed payment	✓
Security Deposit	▪ No security deposit/ margin to be taken	▪ SKS has never taken security deposit/ margin

WHAT ARE CLIENTS DOING POST THE ANDHRA PRADESH MFI CRISIS?

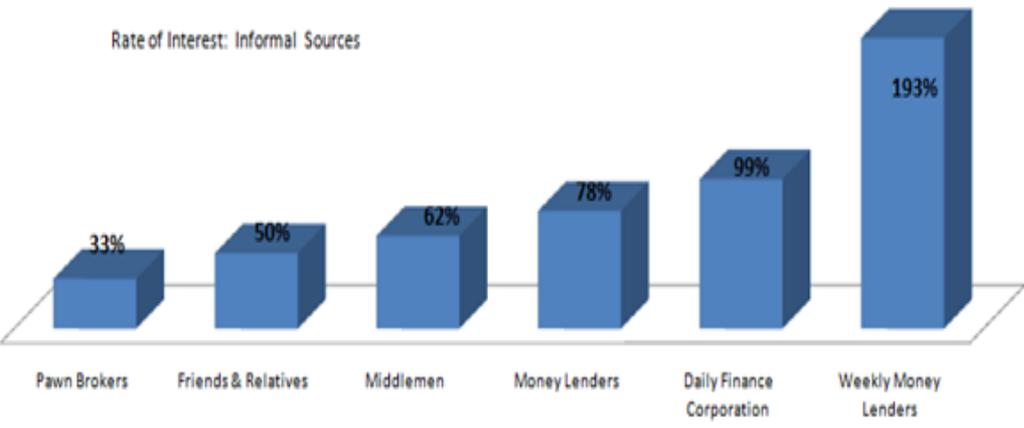
Sources of Credit (in the absence of MFI Loans)



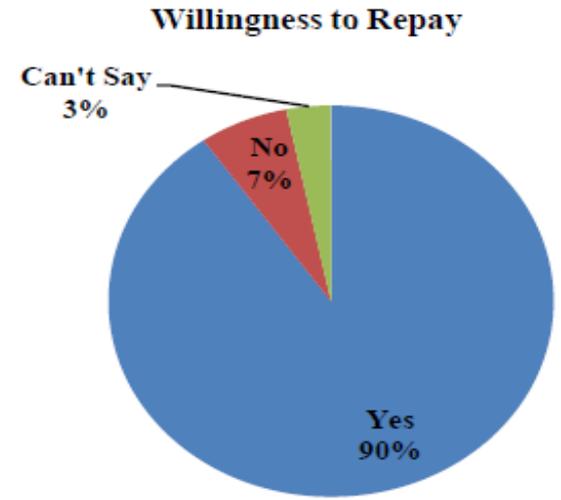
Reasons for not repaying MFI loans



Interest rates charged by informal sources (in the absence of MFIs)



Willingness to repay



Source: "What are Clients doing post the Andhra Pradesh MFI Crisis?", MicroSave, 2011



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