

**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 ENDED JUNE 30, 2011**

(Rs in Lakhs)

Sr No.	Particulars	Quarter ended		Year ended
		June 30, 2011 Unaudited	June 30, 2010 Unaudited	March 31, 2011 Audited
1	Income from operations	14,985.67	28,425.58	116,019.54
	Other operating income	1,369.76	2,230.52	8,527.44
	<b>Total</b>	<b>16,355.43</b>	<b>30,656.10</b>	<b>124,546.98</b>
2	<b>Expenditure</b>			
	Personnel expenses	7,359.35	8,150.38	32,634.68
	Depreciation	241.36	421.32	1,614.96
	Provisions and write offs	18,366.19	1,195.83	23,622.90
	Operating and other expenditure	3,713.62	4,115.78	17,049.60
	<b>Total</b>	<b>29,680.52</b>	<b>13,883.31</b>	<b>74,922.14</b>
3	Profit from operations before Other Income & Interest (1-2)	(13,325.09)	16,772.79	49,624.84
4	Other income	1,316.18	705.36	2,406.98
5	Profit before interest (3+4)	(12,008.91)	17,478.15	52,031.82
6	Interest and finance expenses	6,294.23	7,326.77	34,788.64
7	<b>Profit before tax (5-6)</b>	<b>(18,303.14)</b>	<b>10,151.38</b>	<b>17,243.18</b>
8	Tax expense (Including deferred tax)	3,570.99	3,481.65	6,080.10
9	<b>Profit after tax (7-8)</b>	<b>(21,874.13)</b>	<b>6,669.73</b>	<b>11,163.08</b>
10	Paid-up equity share capital (Face Value of Rs. 10 Each )	7,234.50	6,452.72	7,232.39
11	Reserves (excluding Revaluation reserves)			169,908.71
12	Earnings Per Share (EPS) (Not annualised)			
	Basic	(30.24)	10.34	16.10
	Diluted	(30.24)	10.04	15.24
13	Public shareholding			
	- Number of shares	45,669,447	28,505,436	45,648,383
	- Percentage of shareholding	63.13%	44.17%	63.12%
14	Promoters and Promoter Group Shareholding			
	a) Pledged / Encumbered			
	- Number of shares	-	670,000	-
	- Percentage of shares	-	1.86%	-
	(% of the total shareholding of promoter and promoter group)	-	-	-
	- Percentage of shares	-	1.04%	-
	(% of the total share capital of the company)	-	-	-
	b) Non - encumbered			
	- Number of shares	26,675,527	35,351,783	26,675,527
	- Percentage of shares	100%	98.14%	100.00%
	(% of the total shareholding of promoter and promoter group)	100%	98.14%	100.00%
	- Percentage of shares	36.87%	54.79%	36.88%
	(% of the total share capital of the company)	36.87%	54.79%	36.88%

**SKS MICROFINANCE LIMITED**

**UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 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 July 26, 2011, in terms of clause 41 of Listing Agreement.
2. The Statutory Auditors have carried out the “Limited Review” of the results for the period ended June 30, 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 installments.

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 June 30, 2011.

4. The Company has incurred a loss during the quarter ended June 30, 2011 and in the absence of virtual certainty of future taxable profits supported by convincing evidence, the net deferred tax asset amounting to Rs. 9475.84 lakhs as at June 30, 2011 has not been recognized, 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 said sum of Rs.9475.84 Lakhs will be available to offset tax on future taxable income.



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. The Committee of the Board of Directors allotted 21,064 equity shares during the quarter ended June 30, 2011, pursuant to exercise of the options granted under Employee Stock Option Schemes of the Company.
7. The status of investors complaints for the quarter ended June 30, 2011 are given below:

Pending as on April 1, 2011	Received during the quarter	Disposed off during the quarter	Pending as on June 30, 2011
2	45	47	-

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

Place: Mumbai

For SKS Microfinance Limited

Date: July 26, 2011

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