

To
The Editor
The Economic Times
New Delhi/Mumbai

October 10, 2010

Dear Sir:

This letter is in reference to your front page report "CEO sacked due to tussle: SKS" on October 8, 2010 by Avishek Maitra. 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 in the article's 11 sentences.

- (1) The title to the article attributes SKS as saying the sacking was due to a "corporate tussle" and, in the first sentence, Mr. Maitra elaborates that SKS's position is that the board fired Mr. Gurumani due to "differences within the Board." SKS did not say this to ET or the regulator. In fact, there was not a single dissenting vote for Mr. Gurumani's termination. As such, there can be no question of disagreement of Board members. Also, among the senior management team members, there was unanimity in support of termination of Mr. Gurumani, so on what basis can the conclusion the termination was result of a corporate tussle or differences within the Board be made? ET's research and reporting on this point was factually incorrect and misleading.
- (2) Your strap line says that the Andhra high court "ruled" that Gurumani can stay on board. There was no such ruling. The court case had nothing to do with Mr. 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 Mr. Maitra had read the petition and the order, this is clear. ET's research and reporting on this matter was factually incorrect and misleading.
- (3) The call out box to the left of the article states that SEBI asks why "independent director" Ashish Lakhanpal resigned. The statement is repeated in paragraph 5 of the article. SEBI did ask why Lakhanpal resigned, but he is not an independent Director. Framing a call out that an Independent Director resigned is an egregious error, especially since Lakhanpal was in fact a nominee Director of two of SKS Microfinance's largest shareholders (Kismet Microfinance and Kismet SKS II), one of which is a Promoter. Moreover, prior to resigning, Lakhanpal cast his vote in favor of termination. What is shocking is that the information about his role as a nominee director is easily accessible in a number of places—in the SKS Annual Report, Prospectus, and on our website. Moreover, as stated in SKS's notices to the NSE and BSE, he resigned after the appointment of Mr. M.R. Rao as Managing Director, so that the balance of independent and non-independent Directors was maintained. ET's research and reporting on this matter on this point was factually incorrect and misleading.

To summarize, the ET front page article ignored the following facts: (1) Suresh Gurumani's termination was unanimously supported at the Board Meeting by all directors present

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including the support of Independent Directors who were present; (2) There was **no dissent** among the senior team members concerning Mr. Gurumani's termination as they unanimously supported it; (3) Shareholders' interests were represented and considered as three Directors are affiliated with some of SKS' largest shareholders and (4) the Andhra Pradesh High Court affirmed SKS Board's right to terminate his appointment as MD & CEO

For all these reasons, Mr. Maitra's article is a poor and irresponsible piece of journalism. We normally have high regard for the Economic Times and have worked closely with and have great respect for other Economic Times reporters. 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, 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,

Rashmi for Atul Takle

Atul Takle

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