

Press Release

For immediate release

SKS MICROFINANCE CLARIFIES

Hyderabad, October 12, 2010: In relation to the termination of Suresh Gurumani, as Managing Director and CEO of SKS Microfinance Ltd. ("SKS"), there have been several misleading media reports. In the interest of our stakeholders, we wish to clarify the following:

1. On October 4, 2010, the Board of Directors of SKS Microfinance terminated the employment of Suresh Gurumani as Managing Director ("MD") of the Company.
2. The directors present, or otherwise participating in the meeting, unanimously decided to terminate the employment of Suresh Gurumani as MD and CEO. There were no dissenting votes. Eight out of ten directors were present or otherwise participating in the meeting; the two directors not present were Suresh Gurumani, who refused to participate, and another director who was traveling in the US and unable to attend the meeting and not reachable by audio conference.
3. Subsequent to the termination of Suresh Gurumani, Mr. M.R. Rao was appointed as a Director, Managing Director and Chief Executive Officer of the Company on October 04, 2010 with unanimous approval of all the directors present or otherwise participating in the meeting.
4. We note that Suresh Gurumani was an **employee** and also a **director** on the Board of Directors ("Board") of SKS, which are two separate capacities. So, though the Board of Directors terminated him as Managing Director, Suresh Gurumani shall continue in his capacity as a director on the Board of the Company, until removed by shareholders at a general body meet, as per the Companies Act, 1956.
5. As such, with the appointment of M.R. Rao as a Director and Managing Director, there would have been a majority of non-independent directors (6 of 11). Therefore, as disclosed to the stock exchanges, Mr. Ashish Lakhnpal has tendered his resignation so that at least 50% of the Board is independent as per the requirements of the Listing Agreement in connection with the prescribed ratio for independent and non-independent Directors. We note that Ashish Lakhnpal was NOT an independent Director of SKS. We also note that, prior to resigning, Lakhnpal cast his vote in favor of termination of Suresh Gurumani.
6. On October 8, 2010, a shareholder holding 18 shares (which is less than .00002% of the company's share capital) filed a petition requesting the Andhra Pradesh High Court to "declare as void, illegal and arbitrary and without jurisdiction the Resolution passed," by the Board of Directors on October 4, 2010. The High Court did not grant that prayer and has NOT held that the termination of Suresh Gurumani as MD and CEO of the Company violated the law. Also, there was NO direction by the High Court to retain Gurumani as a Director on the Board of SKS.

REGIONAL OFFICES

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

7. In relation to the appointment of the new MD and CEO of the Company, the High Court has NOT imposed any "restraint" on the new MD and CEO of SKS. The said Court order 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. The Court observed that "*in tune with the provisions of the Companies Act, 1956.... the 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.*"

About SKS Microfinance Limited:

SKS Microfinance Limited (SKS) is a non-banking finance company (NBFC), registered and regulated by Reserve Bank of India, whose mission is to eradicate poverty by providing financial services to the poor.

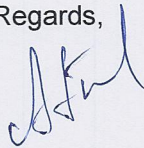
SKS operates across 19 states of India. They include: Andhra Pradesh, Karnataka, Maharashtra, Orissa, Madhya Pradesh, Bihar, Uttar Pradesh, Rajasthan, Uttaranchal, Himachal Pradesh, Haryana, West Bengal, Jharkhand, Chhattisgarh, Gujarat, Kerala, Tamil Nadu, Punjab and Delhi.

SKS has been recipient of many received awards, which include Social and Corporate Governance Award by BSE, NASSCOM Foundation for Best Corporate Social Responsibility Practice (2007), Social Performance Reporting Award (MFIs) - Silver Category for Social Performing rating conducted by MIX market (2009) etc. SKS was founded by Dr Vikram Akula, who has been conferred the award of Young Global Leader by World Economic Forum and Business Transformation Entrepreneur of the Year by Ernst & Young (2010). He was named by TIME magazine as one of the 100 Most Influential People in the World (2006).

For further clarifications, please contact:-

Atul Takle, EVP – Communications, SKS Microfinance
Handheld: 9867564162, 9323004992
Email: atul.takle@sksindia.com

Regards,



Atul Takle

REGIONAL OFFICES

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