

August 12, 2010

**CARE ASSIGNS PR1+ RATING OF COMMERCIAL PAPER OF
SKS MICROFINANCE LTD. (FOR ENHANCED AMOUNT)**

CARE (Credit Analysis and Research Ltd.) has assigned a rating of 'PR1+' [One Plus] to the Commercial Paper (CP) Issue of SKSML for an enhanced limit of Rs. 320 crore (enhanced from Rs.270 crore). Instruments with this rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk. Within this category, instruments with relatively better credit characteristics are assigned PR1+ rating.

Instrument	Amount (Rs crore)	Rating
Commercial Paper (CP)	320 (limit)	PR1+

Rating Rationale

The rating factors in SKSML's position as the leading microfinance institution in India, the rapid growth in business witnessed during last few years, its ability to attract equity capital to support the strong growth in operations along with diversified resource base and experienced and professional management. High collection efficiency and strong asset quality are positives for SKSML. The rating also factors in the strong liquidity position of the company and improvement in several operational parameters including risk management and monitoring systems.

Maintenance of collection efficiency and asset quality of its growing portfolio, timely infusion of capital to support growth, continuous successful implementation of systems to manage the operational risk due to large volume of cash transactions & decentralized operations spread across the country and controlling over-exposure to borrowers & providing service differentiation in an increasingly competitive scenario would be the key rating sensitivities for SKSML.

Company Profile

SKS Microfinance Ltd. (SKSML) is India's leading microfinance institution, promoted by Mr. Vikram Akula. It is registered as a NBFC ND with the RBI and its operations are spread over 19 states of India with 2,029 branches with total AUM (own and managed portfolio loans) managed by SKSML at Rs.4321 crores (including managed portfolio of Rs.1384 crores) and a net worth of Rs.935 crore as on March 31, 2010. SKSML reported income of Rs.958 crore and net profit of Rs.173.9 crore for FY10. Reported CAR was also comfortable at 28.5% as on March 30, 2010.

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Press Release

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