

April 06, 2015

**CARE ASSIGNS 'CARE A+' RATING TO THE PROPOSED NCD ISSUE AND REAFFIRMS RATING
 ASSIGNED TO REDUCED AMOUNT OF THE BANK FACILITIES OF SKS MICROFINANCE LIMITED**

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Non-Convertible Debenture	200	CARE A+ (Single A Plus)	Assigned
Long-term/ Short-term Bank Facilities	2,800 (reduced from Rs.3,000 crore)	CARE A+ (Single A Plus)/ CARE A1+ (A One Plus)	Reaffirmed

Rating Rationale

The rating factors in the recent equity infusion and comfortable capitalization level of SKSMFL. The rating also takes into consideration improvement in profitability, diversified resources profile, improving asset quality, comfortable liquidity profile, experienced management team and geographically diversified loan portfolio. The rating is, however, constrained by the susceptibility of the business to socio-political intervention and operational risks due to high proportion of cash transactions. The capital adequacy, asset quality and profitability are the key rating sensitivities.

Background

SKSMFL was incorporated as SKS Microfinance Pvt Ltd (SKSMPL) on September 22, 2003 under the companies act, 1956. SKSMFL obtained certificate of registration from RBI on January 20, 2005 as NBFC-ND. In September 2005, the company acquired business operations, assets and loan portfolio from SKS society (NGO) that was engaged in microfinance activities since 1997. The name of the company was changed from SKSMPL to SKS Microfinance Ltd. (Public Ltd Company) and obtained fresh certificate of registration from RBI in June 2009 for carrying on business as an NBFC-ND. SKSMFL got listed on BSE and NSE in August 2010. Furthermore, it got registered as an NBFC – MFI (Non-deposit taking) in November 2013.

As on March 31, 2014, SKSMFL operates in 15 states with 1,255 branches covering 49.63 lakh active borrowers (both individual and group borrowers) with asset under management (AUM) of Rs.3,113 crore including managed portfolio of Rs.1,392 crore.

Mr P H Ravi Kumar is the Non-executive Chairman of the company and is supported by Mr M R Rao, CEO & Managing Director and Mr Dilli Raj, President.

During FY14 (refers to the period April 1 to March 31), SKSMFL reported PAT of Rs.69.85 crore on a total income of Rs.544.83 crore. The total capital adequacy stood at 27.19% with a tangible net-worth of Rs.454.62 crore.

SKS Microfinance recently mobilised Rs.397.59 crore through qualified institutional placement (QIP) in May 2014.

The PAT for 9MFY15 stood at Rs.147 crore on total income of Rs.577 crore. The AUM stood at Rs.3,298 crore with Rs.550 crore as off-balance sheet portfolio as on December 31, 2014. Total CAR stood at 34.80% at 9MFY15-end.

For the detailed rationale of SKS Microfinance Ltd (SKSMFL), please refer to our website www.careratings.com (dated: July 7, 2014).

Analyst Contact

Name: Mr Vishal Sanghavi

Tel: 022-6754 5430

Email: vishal.sanghavi@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT

Head Office Mumbai

Mr. D.R. Dogra

Managing Director
 Mobile: +91-98204 16002
 E-mail: dr.dogra@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
 Mobile: +91-9819009839
 E-mail: meenal.sikchi@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
 Mobile: +91-98204 16001
 E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
 Mobile: +91-9819698985
 E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD
Mr. Mehul Pandya

32, Titanium, Prahaladnagar Corporate Road,
 Satellite, Ahmedabad - 380 015
 Cell: +91-98242 56265
 Tel: +91-79-4026 5656
 E-mail: mehul.pandya@careratings.com

BENGALURU
Mr. Dinesh Sharma

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
 No. 30, M.G. Road, Bangalore - 560 001.
 Cell: +91-99000 41975
 Tel: +91-80-4115 0445, 4165 4529
 E-mail: dinesh.sharma@careratings.com

CHANDIGARH
Mr. Sajan Goyal

2nd Floor, S.C.O. 196-197, Sector 34-A,
 Chandigarh - 160 022.
 Cell: +91 99888 05650
 Tel: +91-172-5171 100 / 09
 Email: sajan.goyal@careratings.com

CHENNAI
Mr. V Pradeep Kumar

Unit No. O-509/C, Spencer Plaza, 5th Floor,
 No. 769, Anna Salai, Chennai - 600 002.
 Cell: +91 98407 54521
 Tel: +91-44-2849 7812 / 0811
 Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Saikat Roy

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
 Hyderabad - 500 029.
 Tel: +91-40-4010 2030
 E-mail: saikat.roy@careratings.com

JAIPUR
Mr. Harsh Raj Sankhla

304, Pashupati Akshat Heights, Plot No. D-91,
 Madho Singh Road, Near Collectorate Circle,
 Bani Park, Jaipur - 302 016.
 Cell: +91 - 94139 69100
 Tel: +91-141-402 0213 / 14
 E-mail: harshraj.sankhla@careratings.com

KOLKATA
Ms. Priti Agarwal

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
 10A, Shakespeare Sarani, Kolkata - 700 071.
 Cell: +91-98319 67110
 Tel: +91-33- 4018 1600
 E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal

13th Floor, E-1 Block, Videocon Tower,
 Jhandewalan Extension, New Delhi - 110 055.
 Cell: +91-98117 45677
 Tel: +91-11-4533 3200
 E-mail: swati.agrawal@careratings.com

PUNE
Mr. Rahul Patni

9th Floor, Pride Kumar Senate,
 Plot No. 970, Bhamburda, Senapati Bapat Road,
 Shivaji Nagar, Pune - 411 015.
 Cell: +91-78754 33355
 Tel: +91-20- 4000 9000
 E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691