

Media reports: SKS Microfinance Limited turns around with a profit of Rs 1.2 crore

FINANCIAL CHRONICLE Jan. 25, 2013

SKS Microfinance posts ₹1.2 cr in Q3, moves into black

TRUSHNA UDGIRKAR
Hyderabad

BREATHING a sigh of relief, petty credit lender SKS Microfinance has managed to tap a net profit of Rs 1.2 crore for the third quarter of this financial year, after having swallowed losses to the tune of Rs 1,600 crore in the past seven quarters.

"The competitive landscape has now changed to our advantage and there is also a lot more clarity on the regulatory front. We now see enhanced business prospects in FY14 and FY15, as we have now clearly put the risk behind us," S Dilli Raj—chief financial officer of SKS told *Financial Chronicle*.

According to him, the company would now look at achieving a return on equity (RoE) between 15 and 18 per cent in FY14 and 25 per



Good business

■ It would now look at achieving a return on equity (RoE) between 15 and 18 per cent in FY14

■ In calendar 2011 SKS Microfinance had raised Rs 950 crore and Rs 2,150 crore in 2012

■ Loan disbursements rose 14 per cent from Rs 690 cr in Q2-FY13 to Rs 784 cr in Q3-FY13

MINT Jan. 25, 2013

PROGRESS REPORT

SKS posts a profit after seven quarters

BY VISWANATH PILLA & DINESH UNNIKRISHNAN

HYDERABAD/MUMBAI

SKS Microfinance Ltd, India's only listed micro lender, ended a seven-quarter loss-making streak on Thursday by posting a small profit for the three months ended 31 December, helped by higher loan demand in markets outside of Andhra Pradesh and significant cost cuts.

Net profit was ₹1.15 crore in the quarter, compared with a loss of ₹428 crore in the year-ago period, the microfinance institution (MFI) said.

The profit came despite a 2.3% decline from operations from ₹7.2 crore from ₹7.4 crore in the previous quarter. "We are in a crisis phase in Andhra Pradesh. We need to focus on recovery for all stakeholders," said S Dilli Raj, SKS chief financial officer.



Recovery hopes: SKS chief financial officer Dilli Raj.

THE ASIAN AGE Jan. 25, 2013

SKS SWINGS TO PROFIT IN Q3, POSTS ₹1.2CR NET

New Delhi: SKS Microfinance, India's only listed MFI, today reported a net profit of ₹1.2 crore for the third quarter ended December 2012 on the back of success in its multi-pronged

THE WALL STREET JOURNAL Jan. 25, 2013

SKS Microfinance Posts Profit After Seven Quarters

WSJ BUSINESS

By SUDEEP JAIN

MUMBAI—SKS Microfinance Ltd., 533228.BY +5.88% India's only listed microfinance firm, swung to a modest profit in the October-December period following seven consecutive loss-making quarters, aided by a sharp fall in loan-loss provisions.

The results show the company's success in drawing a line under the bad-loans crisis it has faced in Andhra Pradesh in southern India since 2010 after the state enacted laws which made it

rules governing the sector following allegations of aggressive loan-recovery practices and usurious interest rates charged to borrowers.

Worsening asset quality made it difficult for microlenders to access loans from banks—their primary source of funds.

The Indian government last year introduced a bill in parliament to regulate microfinance institutions. The bill, if passed, would bring uniformity in rules framed by individual states and ensure greater regulatory certainty for microlenders.

In a statement, SKS Chief Financial Officer S. Dilli Raj said the company is focusing on improving its capital profitability.

DAILY NEWS & ANALYSIS Jan. 25, 2013

SKS returns to profit

K V Ramana • HYDERABAD

SKS Microfinance has turned the corner in the December quarter. The company reported a net profit of ₹1.2 crore for the December quarter, reversing a ₹428 crore loss a year ago.

Net revenues stood at ₹1,137 crore against ₹87 crore in the quarter as against ₹87 crore in the quarter. "A series of recovery measures including the turnaround and consolidation on equity of about ₹1,000 crore translate into about ₹1,000 crore," company official said. "Books and reworking measures including the turnaround and consolidation on equity of about ₹1,000 crore translate into about ₹1,000 crore," company official said.

THE FINANCIAL EXPRESS Jan. 25, 2013

SKS back in black after seven quarterly losses

Our Bureau

Hyderabad, Jan 24: SKS Microfinance on Thursday announced its return to profitability with a net profit of ₹1.2 crore in Q3, reversing the trend of seven consecutive quarters of loss making. The company had incurred a loss of ₹262 crore in Q2 and a loss of ₹428 crore in Q3 last fiscal.

company's loan disbursements rose by 14% from ₹690 crore in Q2 to ₹784 crore in Q3 as its non-AP portfolio grew by 9% from ₹1,372 crore in Q2 to ₹1,496 crore during Q3. Collection efficiency improved to 99% in Q3 from 97% in Q2. "We are to be robust at 99% growth momentum accelerated on account of the increasing su-

THE HINDU BUSINESS LINE Jan. 25, 2013

SKS Micro back in black; posts Rs 1.2-cr profit in third quarter



Our Bureau
Hyderabad, Jan. 24
SKS Microfinance Ltd has posted a net profit of Rs 1.2 crore in the third quarter ended December 31, 2012 after

THE ECONOMIC TIMES Jan. 25, 2013

SKS Microfinance Back in the Black in Q3

NEW DELHI SKS Microfinance, India's only listed micro-finance firm, reported a net profit of ₹1.2 crore for the third quarter ended December 2012, reversing a ₹428-crore loss a year ago. "By returning to profitability, we have successfully emerged out of the Andhra Pradesh microfinance crisis," said S Dilli Raj, SKS chief financial officer.

BUSINESS STANDARD Jan. 25, 2013

SKS Microfinance back in the black

BS REPORTER
Hyderabad, 24 January

SKS Microfinance Limited reported a net profit of ₹1.2 crore in the quarter ended December 2012, reversing the trend of seven consecutive quarters of losses. The company incurred a loss of ₹428 crore in the corresponding

quarter previous year. Total income during the quarter stood at Rs 85 crore, a decline of 2.2 per cent compared with an income of Rs 87 crore posted in the same period in 2011-12. The company had provided Rs 358.66 crore in the third quarter of previous year towards write offs. SKS, the only listed microfi-

nance institution in the country, plunged into a crisis following promulgation of The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010, which was later enacted into a legislation. Last quarter, the company reduced its AP portfolio to nil from a high of Rs 1,491 crore at the start of the

crisis in October 2010. "Fully providing for the AP exposure, optimisation of cost structure, delivering promises, coming out of the supply-side shock, portfolio protection and recapitalisation are the building blocks of SKS Microfinance Limited's turnaround strategy," said SKS chief financial officer, S Dilli Raj.

"By returning to profitability, we have successfully emerged out of the Andhra Pradesh microfinance crisis. With a capital adequacy of 39 per cent and sufficient liquidity, we are well-equipped to reap the fruits of sector consolidation, advantageous change in the competitive landscape, a favourable regulatory climate

and, of course, the enhanced business prospects," he stated in a release.

SKS is stated to be having a networth of Rs 388 crore and a capital adequacy of 38.5 per cent (26.2 per cent without RBI dispensation on AP provisioning) as of December 31, 2012. In addition, the unavailed deferred tax benefit stands at Rs 556 crore and will be available to offset tax on future taxable income. It has cash and bank balances of Rs 304 crore. The company's significant

By returning to profitability, we have successfully emerged out of the Andhra Pradesh microfinance crisis

S DILLI RAJ
Chief financial officer, SKS

cost optimisation in Q3 aided a faster-than-expected turnaround with consolidation from 2.2 crore in Q3-FY11 to 1,298 crore in Q3-FY13 and headcount rationalised from 25,735 in Q3-FY11 to 25,735 in Q3-FY13.

FINANCIAL CHRONICLE Jan. 25, 2013



S Dilli Raj
Chief Financial Officer
SKS

The competitive landscape has now changed to our advantage and there is also a lot more

clarity on the regulatory front. We now see enhanced business prospects in FY14 and 15 as we have now clearly put the risk behind us