

SATIN CREDITCARE NETWORK LIMITED



INVESTOR PRESENTATION

NOVEMBER 2015

BSE: 539404 | NSE: SATIN | CSE: 30024
Corporate Identity No. L65991DL1990PLC041796



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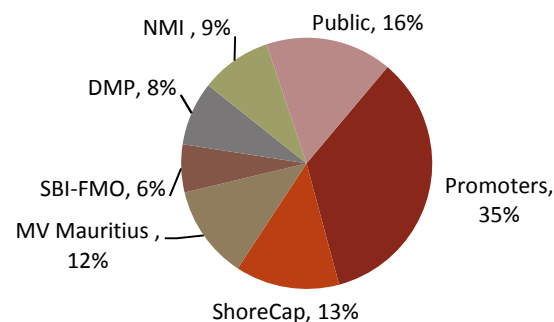
Satin - Company Overview

Company Snapshot

- Satin is North India's largest and India's 5th largest MFI# in terms of AUM with presence across 13 states with 329 branches (Sept 15)
- Listed on NSE, BSE and CSE*
- Led by Mr. H P Singh, who has experience of >25 years in retail finance; supported by an experienced management team
- Offers a comprehensive bouquet of financial products to Bottom-of-Pyramid Population – MFI Loans, Small Business Loans, Low ticket LAP and Business Correspondent Services (through Taraashna Services Pvt. Ltd.)
- Has 2,828 employees, 329 branches and 1.4mn clients as on Sep 15
- Among the first movers, Satin has leadership position in its key markets
- Robust MIS and internal control processes
- Promoter stake in Satin is the highest among MFIs having invested at regular intervals at par with incoming PE investors
- 5 rounds of PE fund infusion and offered profitable exit to 1st investor in spite of intervening industry crisis
- Credit rating of BBB+ (CARE); MFI grading of MFI 1 (CARE) and Social rating of β+ (among the best in MFI industry)
- Robust financial performance with industry - leading operating expense and return ratios

*Calcutta Stock Exchange # Source : MFIF

Shareholding Pattern – Sep 2015*



*Before conversion of outstanding share warrants

NMI -Norwegian Microfinance Initiative ; DMP - Danish Microfinance Partners

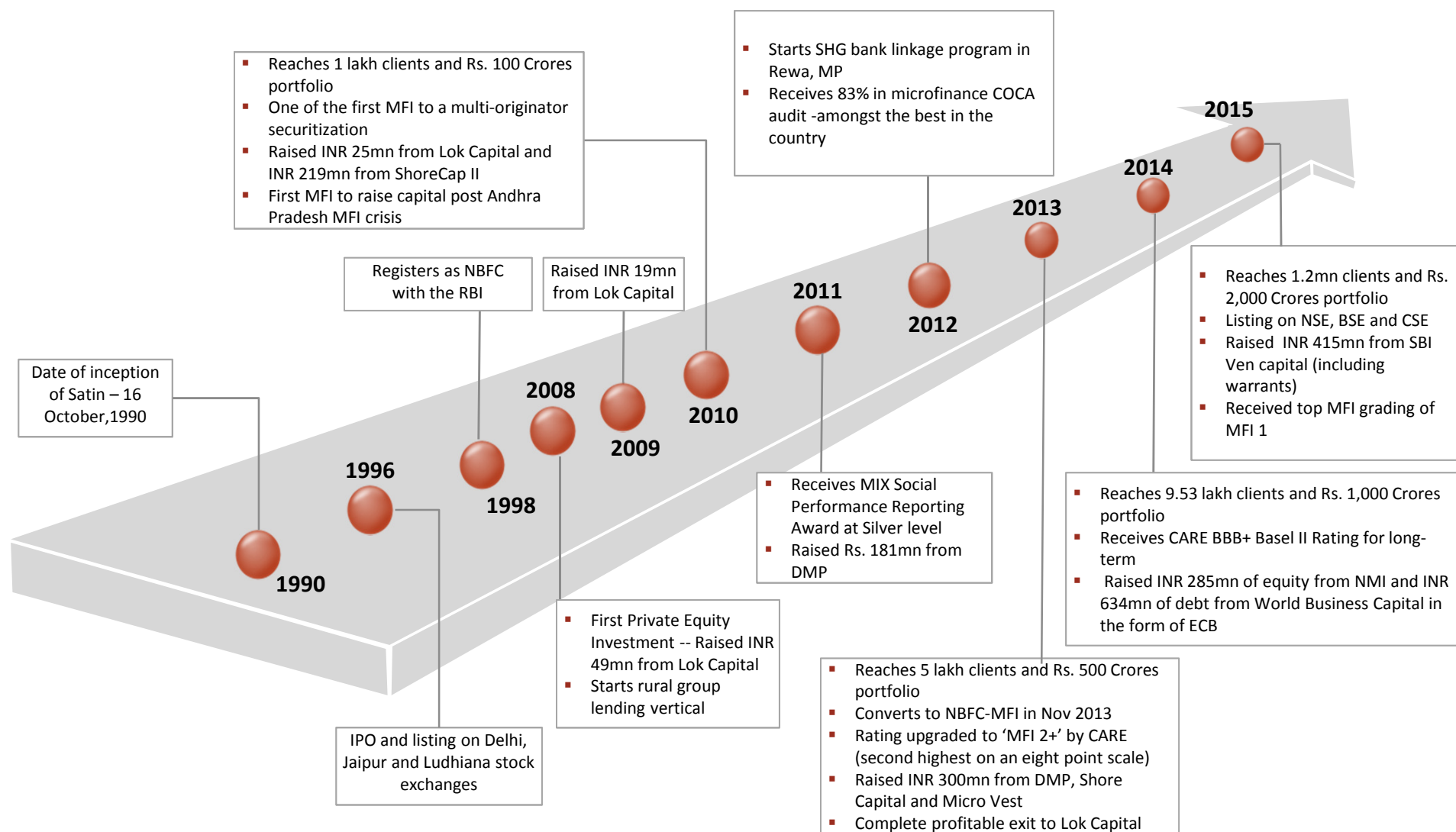
Financials

INR mn	FY13A	FY14A	FY15A	6mFY16A
Net Worth*	1,237	1,384	1,935	2,673
AUM**	5,800	10,561	21,407	21,559
<i>Managed AUM</i>	1,259	2,712	6,762	5,387
Total Debt	5,898	9,087	16,301	19,815
Net Interest Income ***	155	406	599	479
PAT (post Pref dividend)	39	155	308	266
RoA	0.7%	1.7%	2.0%	NM
RoE	3.8%	11.8%	18.6%	NM
Cost to Income (%)#	81.2%	62.0%	61.5%	62.4%
CAR (%)	23.4%	15.3%	15.7%	19.6%








*Excl preference share capital and including share warrants** Including managed assets *** Includes Interest on Portfolio only; # (Opex other than bad debts & provisions) / (Total Income less Int exp)

Company with a unique vision of providing 360° services to BoP population in geographies with high potential

Key Milestones



Accolades & Key Highlights

-  **First MFI to raise Equity after AP crisis**
-  **First company to do a Multi-Originator securitization transaction**
-  **First NBFC-MFI to raise funds from a domestic bank against guarantee by Asian Development Bank and IFMR Capital**
-  **Raised funds from a Foreign bank based on the guarantee provided by an overseas fund**
-  **Raised multiple rounds of sub debt from reputed financial institutions (domestic and international) and ECB from World Business Capital**
-  **First MFI to raise floating rate long term, unsecured Tier II debt**
-  **First MFI to receive funding from Mudra Bank**

Award by MF Transparency Organization



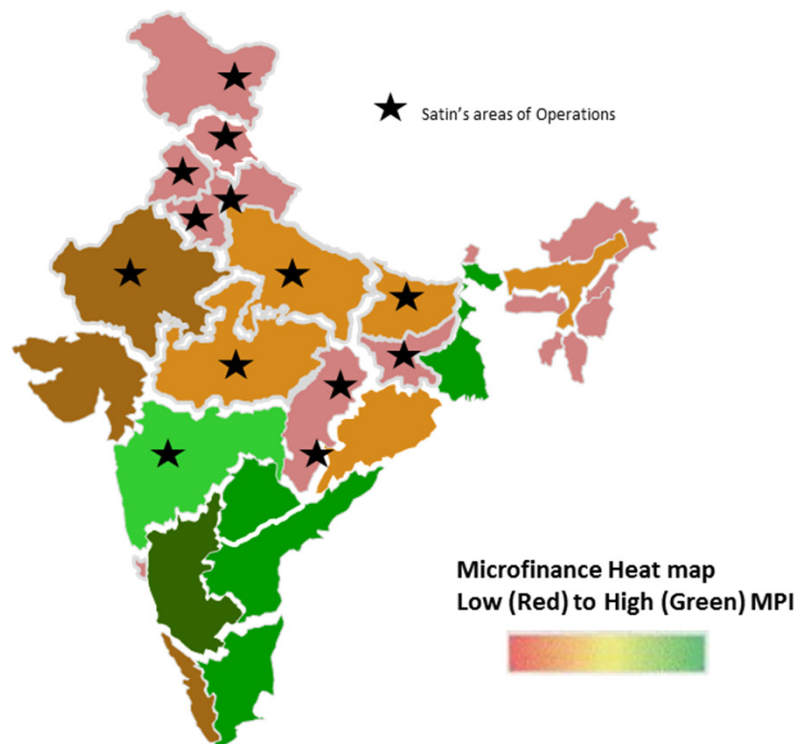
Award by Microfinance Information Exchange



Strong Presence in States with High Potential

Satin is Present Mostly in States of Low MFI Penetration

Presence in 13 states – 2 states of Chhatisgarh and Jharkhand have been recently added during FY16

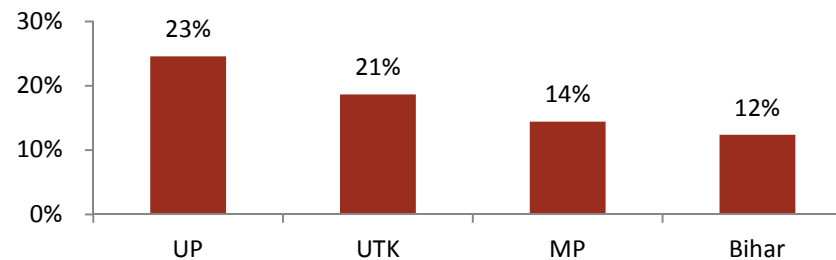


Source: Sa-Dhan

Areas of operations

State	GLP – Sep 15 (INR mn)	% mix	FY13-Sep 15 CAGR %
UP	8,825	41%	46%
MP	3,840	18%	93%
Bihar	3,606	17%	134%
Punjab	2,228	10%	478%
Delhi –NCR	1,192	6%	13%
Uttarakhand	875	4%	81%
Rajasthan	412	2%	82%
Haryana	287	1%	157%
Maharashtra	262	1%	NM
Jammu	22	0%	320%
Chhatisgarh	3	0%	NM
Chandigarh	3	0%	-17%
Jharkhand	3	0%	NM
Total	21,559	100%	69%

Dominance in states of presence (Sep15) – Satin's Market Share*



Source: MFIN

* In terms of GLP

Product Portfolio

MFI operations

- Started operations in 1990 with Individual Lending and Small Business Loans
- Started the JLG model in May 2008 to diversify its portfolio, expand across geographies and broad base its outreach
- Presently JLG portfolio accounts for >95% of total loan portfolio
- Presence across 13 states – Leadership position in its areas of operation
- Total Gross Loan Portfolio has grown ~4x over last 3 years to INR 21,559mn (Sep 2015) while maintaining high asset quality
- Customer base has increased to 1.4mn; has grown 3x over FY13-FY16(H1)

Business Correspondent Services

- Operates through a group company – Taraashna Services Private Limited, which shares 10% of its gross receipts with Satin
- Has partnered with two banks (Ratnakar Bank and Yes Bank) and one NBFC (Reliance Capital)
- Presently has operations in 5 states - MP , Rajasthan, Gujarat, Bihar and Chhatisgarh with 82 branches

Loan Against Property (New Initiative)

- Recently commenced in FY14 targeting BoP population
- Provides joint-liability-loans to customers against residential/commercial property for their productive purposes
- Has tied up with Reliance Capital
- Presently operates in Delhi-NCR and UP

Core Operations: MFI Operations under JLG model

Product & Structure Highlights



Product Features

Average loan size	<= Rs. 60,000 in the first cycle <= Rs. 1,00,000 in subsequent cycles
Target income segment	< Rs. 1,00,000 p.a. in rural areas < Rs. 1,60,000 p.a. in non-rural areas
Repayment	Every 2 weeks/ 4 weeks
Insurance	Encourages insurance cover for its clients and their spouse
Rate of Interest (Declining)	<=26%
Tenor	1 year for loans up to Rs. 15,000 2 years for loans above Rs. 15,000

Field Operational Structure



Core Operations: MFI Operations under JLG model

Strong and Robust Process Flow



Area Selection

- Area selection is done on the basis of a detailed survey report using a set of variables like population, poverty level, income, employment & sent to the COO for approval

Village Selection

- Village is selected based on the following variables - Total number of households, income groups, irrigation facility and sent to the Territory Manager

Client Selection

- Self-employed or working women aged 18-55 years old who are married or divorced (not unmarried)
- Should have stayed in own house (or family's house) for a minimum of three years
- Should have basic KYC documents – like ration card, voter Id card, driving license , Aadhar card, etc.

Center/Group Formation

- A group has five members. Three to five groups combine to form a Center
- There should be no kin relation within the group
- Center members should be within walking distance from the meeting place

Compulsory Group Training (CGT)

- 3 days CGT to clients to improve financial literacy
- Ensures willingness to take joint liability of other members

Group Recognition Tests

- Tests are conducted to ensure terms & conditions are understood by the client and to confirm her identity. There is a verbal contract during each group meeting

Diversified Loan Book and Strong Client Relationship



Trend in Loan Cycle

First & second time borrowers form ~80% of GLP and volume, indicating high growth in borrower addition over the years

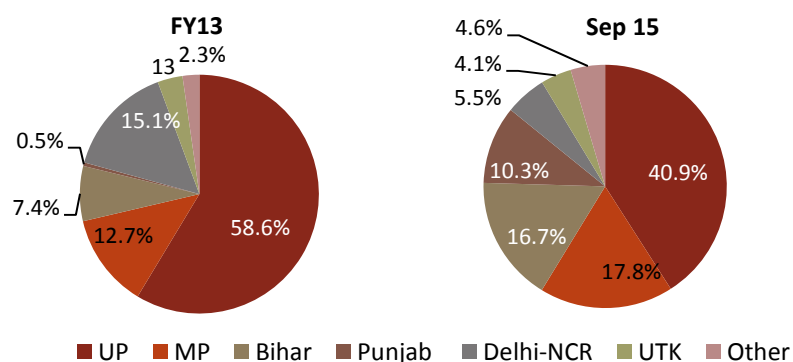
Cycles	Gross Loan Portfolio (INR mn)			
	FY13	FY14	FY15	Sep 15
1	3,455	5,307	9,891	11,579
2	1,272	3,108	7,116	6,063
3	765	1,141	2,619	2,385
4	281	756	1,094	873
5	27	243	565	518
6	-	5	117	135
7	-	-	4	6
	5,800	10,561	21,407	21,559

Cycles	Clients Outreach			
	FY13	FY14	FY15	Sep 15
1	320,636	502,060	642,056	837,243
2	93,120	189,609	367,903	393,773
3	54,899	65,405	110,687	124,722
4	17,728	34,350	48,312	48,962
5	1,256	8,442	20,024	23,065
6	-	162	3,127	4,525
7	-	-	93	163
	487,639	800,028	1,192,202	1,432,453

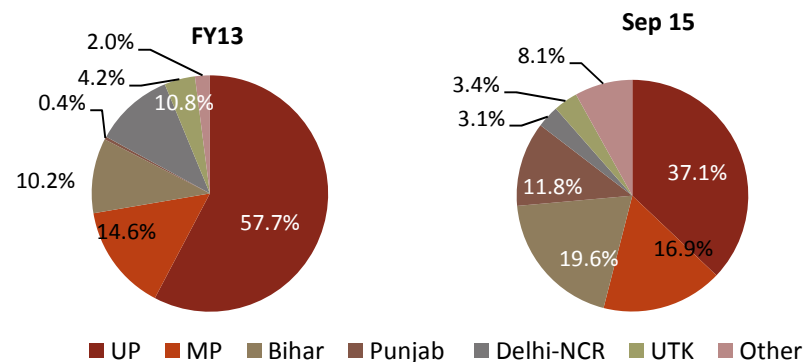
Trend in State wise GLP mix

Although North India continues to form majority of the loan book, the dependence on single states is steadily coming down

Gross Loan Portfolio – State wise mix



Number of loans (#)



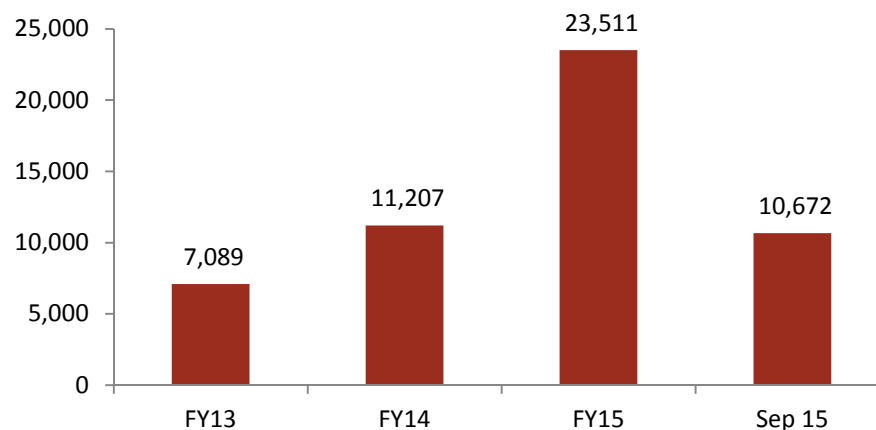
Strong and Diversified Lending Relationships



Diversified Lending Portfolio

- Highest number of lenders in the MFI space – 59 relationships
- Spread across Public Sector Banks, Private Banks, Foreign Banks, NBFCs and Foreign Institutions
- The rating of the company is CARE BBB+ : It has been upgraded for two consecutive years
- Raised money through other instruments like Tier 2 debt, NCD, Preference shares, CC, ADB guarantee structure, ECB, Securitization/assignment, CBO, etc.
 - Changing composition of debt reflects shift towards non-banks, FIs, etc.
- Subordinate Debt of Rs. 812mn raised during FY15 by issue of NCDs/ECBs

Disbursement by Banks/ FIs (INR mn)



Lending Relationship

PSBs (18)	Pvt Banks (12)	Foreign Banks (5)	NBFCs (15)	Foreign Institutions (9)

Exposure with FIs like MicroVest and IFU is on an increase trend showing high investor/lender confidence

Debt composition as on 30 Sep 2015

Particulars	INR Bn	% of total
NCD	3.1	12%
Sub debt	0.8	3%
Term loan	14.7	59%
ECB	0.7	3%
Commercial Paper	0.5	2%
Total	19.8	79%
Add: Securitized portfolio	5.4	21%
Grand Total	25.2	100%



Other Businesses – Business Correspondent Services

Under this business, Satin capitalizes on its existing geographical reach while furthering financial inclusion in remote areas

- Taraashna Services, a group company of Satin provides BC services
- Satin gets 10% of Taraashna's gross receipts for technical know how
- Engaged in sourcing MFI loans for various banks to provide banking services (initially credit, deposit and insurance) in remote areas
- Has partnered with two private sector banks (Ratnakar Bank and Yes Bank) and one NBFC (Reliance Capital); Being approached by other banks also
- Loan Portfolio of ~Rs. 2,700mn as of Sep 2015
- Taraashna has 210,450 borrowers with presence across 5 states and 82 branches as of Sep 2015
- Provides services in MP, Rajasthan, Gujarat, Bihar and Chhatisgarh
- Experienced management team led by Mr. Sanjeev Vij (CEO) , who has vast experience in the BFSI industry



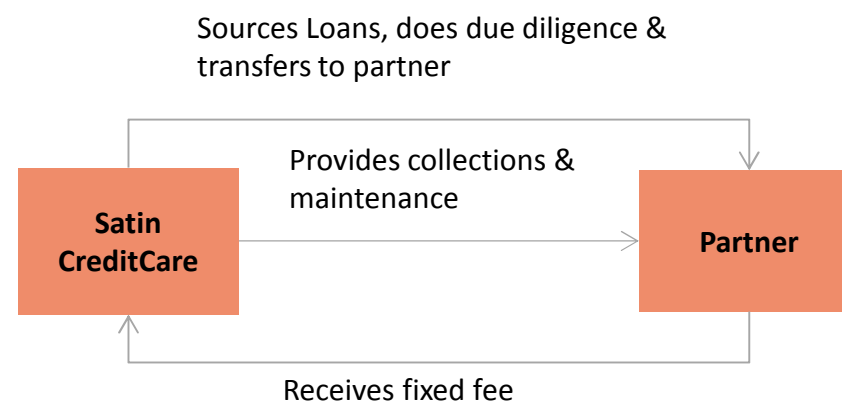
Other Businesses – Low Ticket LAP

- Under this, Satin provides loans to small entrepreneurs against residential/commercial property for funding working capital needs/ business requirements
- Company leverages its knowledge of rural/ semi-urban territories
- Offers alternative to moneylenders and aids in bringing rural assets into financial system
- Long term tenor complements short term MFI portfolio
- High RoE business with no associated funding costs
- Has partnered with Reliance Capital and is in discussions for adding more partners
- Presently operates in Delhi-NCR and UP
- Current portfolio of ~Rs. 203mn with 1,321 customers

Product Features

Ticket size	Rs. 1.0 – 2.5 lakhs
Tenor	1 to 3 years
Security	Mortgage of Residential/Commercial Property
LTV	Upto 65%
Interest rate	18-24%

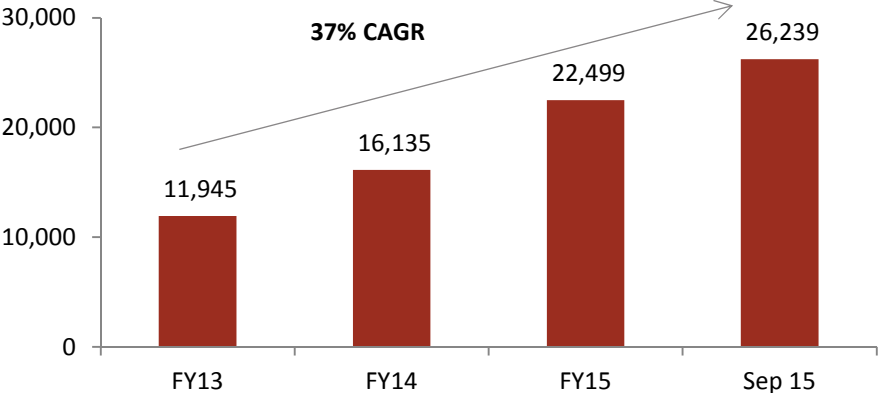
Mechanism



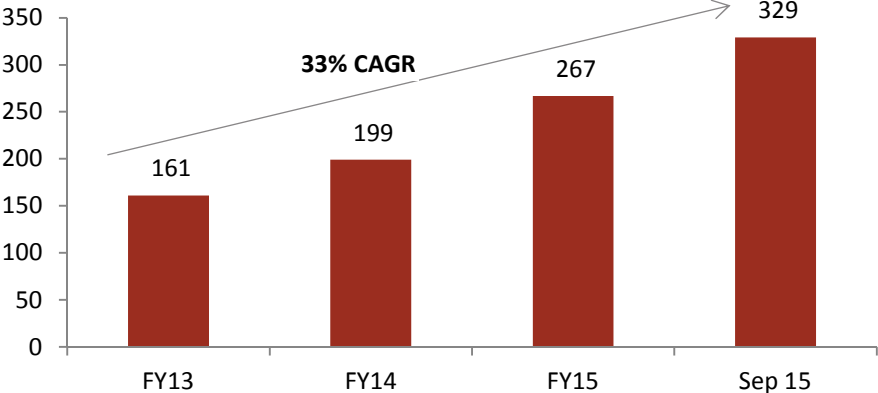


Strong Operational Performance..

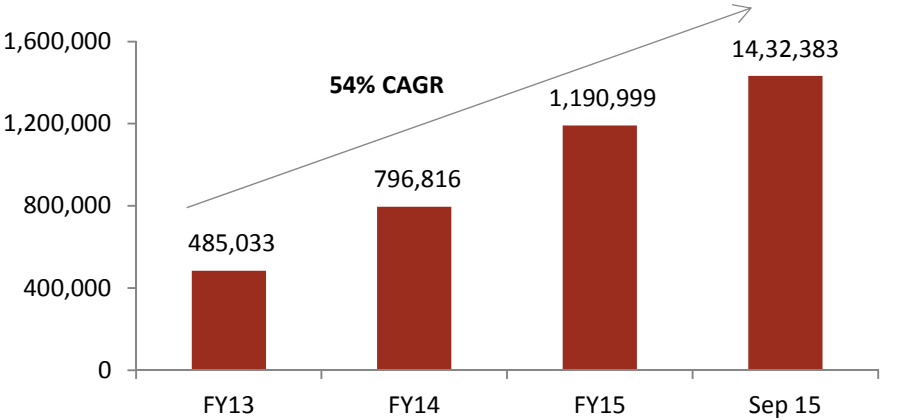
No. of Villages



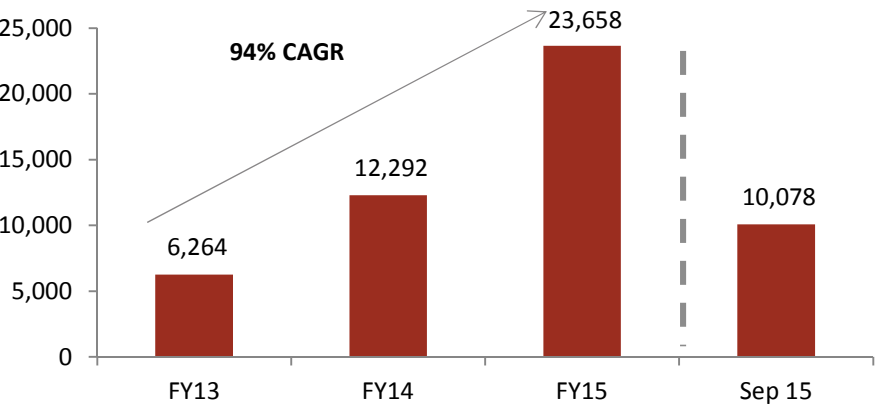
Branch Network



No. of Borrowers



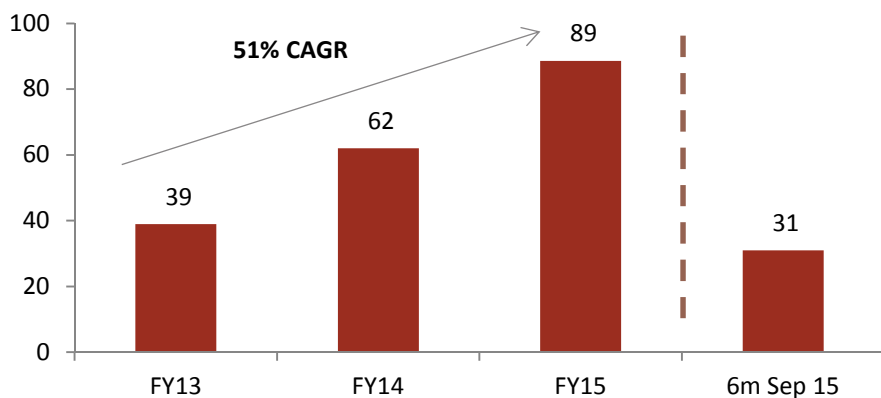
Disbursements Trend (INR mn)



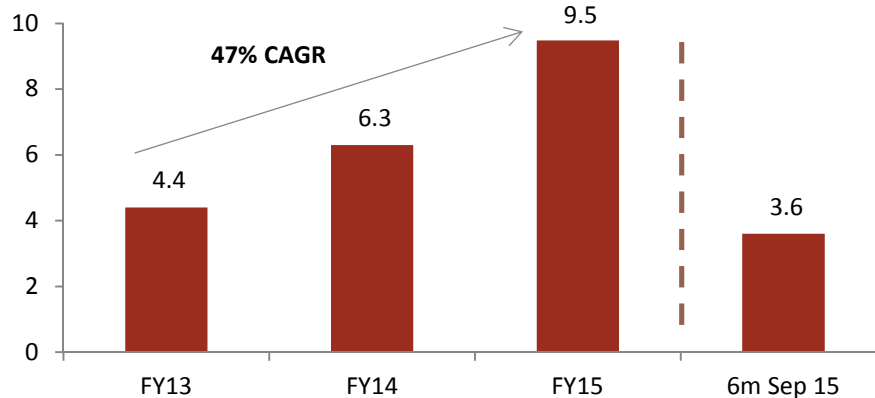


..Improving Productivity and High Quality Portfolio..

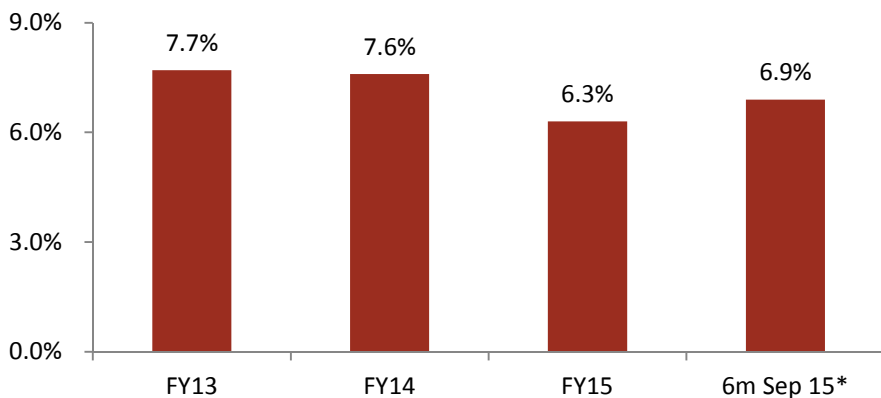
Disbursement/ branch (INR mn)



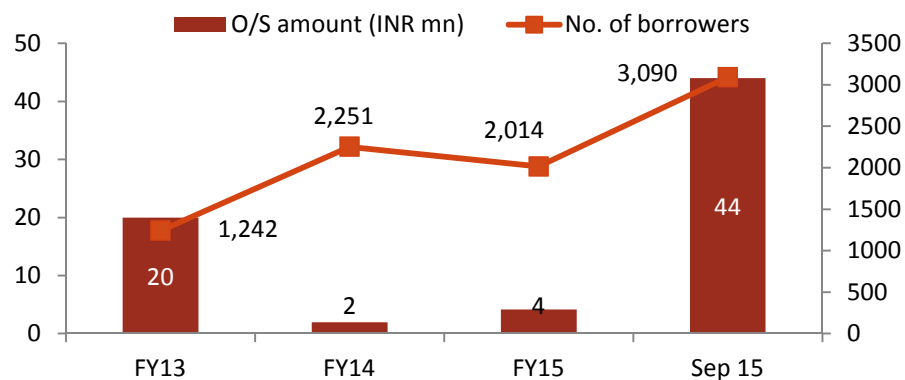
Disbursement/ employee (#)



Opex/ Avg. AUM



PAR 90



* Annualized.



..Has Resulted in Robust Financial Performance

RoE Tree	FY13	FY14	FY15	FY16(H1)
Total Income ¹	21.0%	23.4%	20.3%	22.5%
Interest expense	12.1%	13.0%	11.1%	11.8%
Net Interest Income	8.9%	10.5%	9.2%	10.7%
Opex	7.7%	7.6%	6.3%	6.9%
Provision for Tax	0.3%	1.0%	0.9%	1.3%
RoA ²	0.7%	1.7%	2.0%	NM
Avg Assets/ Avg Net worth	6.5x	8.6x	12.3x	12.2x
RoE	3.8%	11.8%	18.6%	NM

¹Total Income includes Interest income from on-book portfolio, Income from managed portfolio, Processing fees and Interest income from Fixed Deposits.

²RoA has been calculated based on average of Total Assets (excluding managed portfolio) and rest of line items have been calculated based on average AUM (On book + Off book portfolio).



Financial Summary – Balance Sheet

Figures in INR mn

Particulars	FY13	FY14	FY15	Sep 15
Net Worth	1,237	1,384	1,935	2,580
Preference shares	-	60	60	60
Share warrants				93
Total Borrowings	5,898	9,087	16,301	19,815
Total Liabilities	7,135	10,531	18,296	22,548
Fixed Assets	83	120	145	177
Investments	7	1	1	1
Cash and bank balance	2,053	2,152	3,487	4,908
Trade Receivables Under Loan Contract	4,533	7,848	14,645	16,171
Other Current Assets	777	1,096	1,830	2,829
Less: Current Liabilities	318	686	1,812	1,537
Total Assets	7,135	10,531	18,296	22,548



Financial Summary – P&L Statement

Figures in INR mn

Particulars	FY13	FY14	FY15	6m Sep 15
Total Revenue				
Interest income on Portfolio Loans	698	1467	2374	1750
Income from securitization	88	116	330	360
Processing Fee income	55	112	225	96
Interest on FD	98	208	288	190
Other Income	4	13	25	20
Total Revenue	943	1,916	3,242	2,416
Interest Expense	543	1,061	1,775	1,271
Personnel Expenses	159	235	392	327
Administration & Other Expenses	182	379	588	406
Depreciation	6	7	20	11
Profit before tax	53	234	467	401
Extraordinary Items	-	-	2	-
Profit before tax (After Extraordinary items)	53	234	465	401
Provision for tax	14	78	148	135
PAT	39	156	317	266
Less: Preference dividend	-	1	9	-
PAT (post preference dividend)	39	155	308	266

Experienced Management Team



H P Singh, Chairman, MD & Promoter

- >25 years of experience in microfinance
- Pioneered the unique concept of daily collection of repayments of loans
- Experience in the field of auditing, accounts, project financing, microfinance, advisory services and company law matters
- A fellow of The Institute of Chartered Accountants of India since 1984
- Participated in Harvard Business School's Accion program and a leadership program at Wharton Business School

Jugal Kataria, Chief Financial Officer



- 24 years of experience as CA and Company secretary
- Graduate from Shree Ram College of Commerce, a Cost Accountant, Chartered Accountant and Company Secretary



Vivek Tiwari, Chief Operating Officer



- 12 years of experience in Microfinance and Development Sector
- Postgraduate degree in Rural Development and Management from the Institute of Engineering and Rural Technology, Allahabad



Sandeep Lohani, Chief Strategy Officer



- Over 14 years of experience over 14 years in financial inclusion, retail financial services, impact investing, business strategy and general management
- MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai and Executive Leadership Program in microfinance from Harvard Business School.



Highly Diversified and Experienced Board



Satvinder Singh, Director

- Has extensive consumer marketing and finance experience and has developed new methods of credit appraisal and marketing
- Is a management graduate



Davis Golding, Investor Director, ShoreCap II Limited

- Over 30 years experience in international finance, banking, and mergers and acquisitions
- Holds a B.A. in Business Administration from Duke University, Durham, North Carolina



Kasper Svarrer, Investor Director, Danish Microfinance Partners K/S

- Over 15 years of experience – Has worked with Maj Invest Equity , The Investment Fund for Developing Countries (IFU) and The World Bank
- Holds an MSc in Forestry and an Executive MBA from Henley Business School, Reading University, UK



Richard B. Butler, Investor Director, MV Mauritius Limited

- Served for 30 years at various international financial service entities
- A graduate in Development Economics & Middle Eastern History from Georgetown University & a post graduate studies in Agriculture Economics at the University of Minnesota



Arthur Sletteberg, Investor Director, M/S NMI FUND III KS

- MD at Norwegian Microfinance Initiative (NMI) AS
- Earlier worked as Executive Vice President Ferd AS-Norway's largest family office.



Suramya Gupta, Investor Director, SBI FMO Fund

- Director in the Asian Private Equity Investments business and heads the India business for SBI Holdings
- Has previously worked with Merrill Lynch, Stern Stewart and ICICI Ltd
- Mechanical Engineering Graduate from Delhi College of Engineering and holds an MBA in Finance and Strategy from IIM Lucknow.



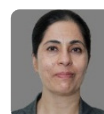
Rakesh Sachdeva, Independent Director

- Actively involved in evaluating the company's macro issues
- Is a Fellow of the Institute of Chartered Accountants of India



Sundeep Kumar Mehta, Independent Director

- Over 14 years of experience
- Served at RKJ group, Escorts Ltd, Panacea Biotech, Bata India Ltd, and Eicher Good Earth
- PGDM and a Science graduate



Sangeeta Khorana, Independent Director

- Over 15 years of experience in civil services with Indian Government
- Doctorate from University of St. Gallen in Switzerland, Masters' degrees from University of Berne, Switzerland
- Published several international journals and books



Sanjay Bhatia, Independent Director

- Over 28 years of experience; a Fellow Chartered Accountant
- Head – Sales at Antara Senior Living Limited
- Has provided consultancy on Income Tax, Corporate Tax and corporate law matters to various leading organizations



Colin Goh, Independent Director

- MBA in International Management from University of Technology and training in Economics & Finance from Curtin University of Technology
- Strategic Business Advisor to M/S Project Innovations Pte Ltd



S. S. Chawla, Independent Director

- Served in the Lok Sabha Secretariat for 32 years most recently as Deputy Secretary
- Has been associated with Satin since March 2003

Annexure

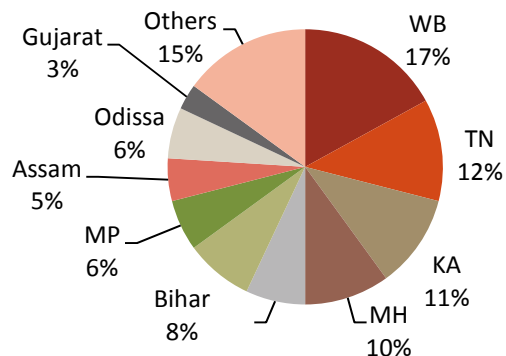
Microfinance – The Largest BoP Financial Services Sub-Sector

Industry Snapshot

- India is one of the most active MFI markets in the world
- The Indian MFI industry has 31.1mn borrowers and an Outstanding Gross Loan Portfolio of INR 421bn
- Presence across 32 states/union territories with a total of 10,109 branches and employed ~80,500 people (June 15)
- Yet, it is highly underpenetrated with a potential of over INR 2.0 trillion

MFI coverage – Portfolio Breakup by State*

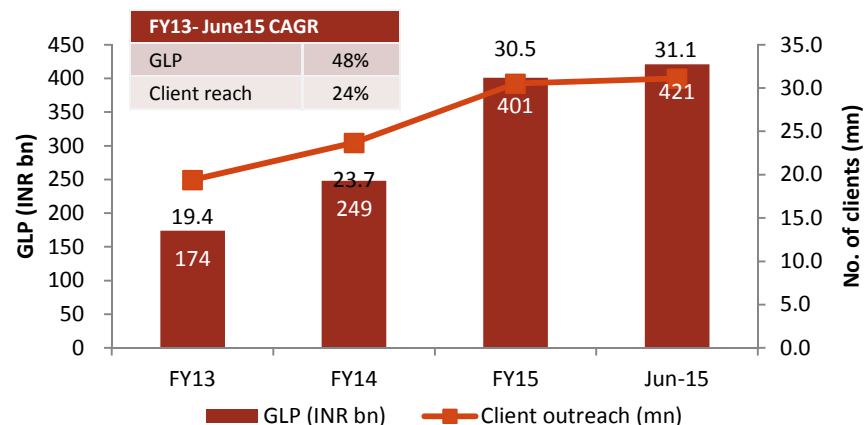
MFI coverage now well dispersed with GLP in South at 30%, East at 28%, North at 22% and West at 20%



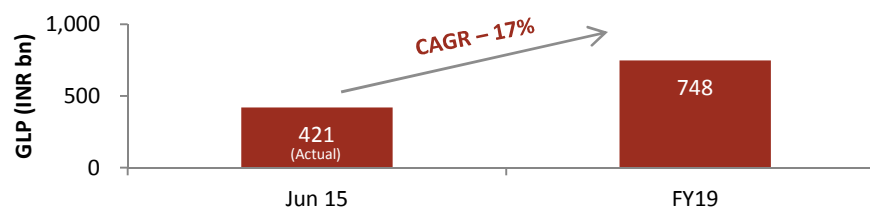
*As of June 15.

Source: MFIN, ICRA, India Ratings & Research report on MFI dated Jan 2015.

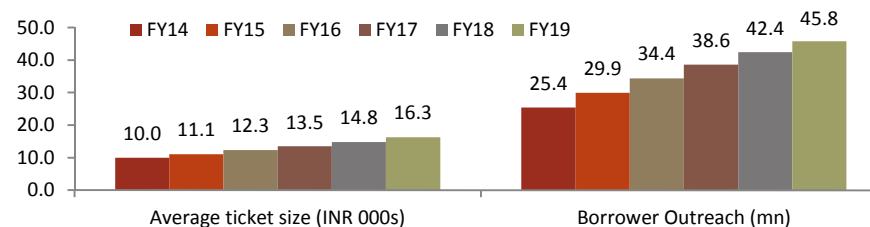
Sector has seen high growth in loan portfolio and client reach



Strong growth expected in future as well



Growth expectation in borrower Outreach and Average Ticket Size

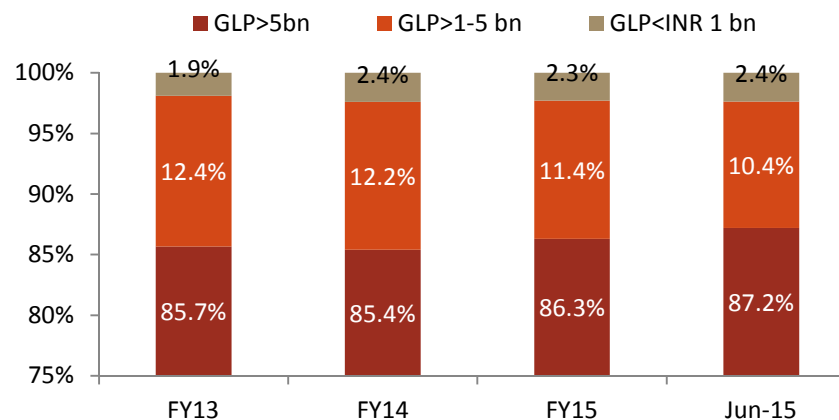


Consolidation around Top Players

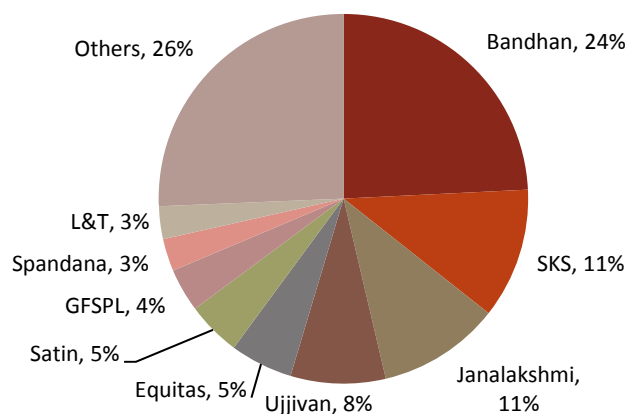
RBI Regulations Indirectly Favor Stronger MFIs

- RBI prescribed that one borrower can borrow from a maximum of two MFIs, which acts as a high entry barrier
 - Large portion of the easy-to-reach borrowers already tapped
 - Incremental acquisitions require significant investments
- Interest margin capped
 - MFIs have to restrict their operating expenses to make reasonable returns thereby restricting their ability to acquire new customers
- Incumbent players have gained market share at expense of weaker players
- Top 10 MFIs have contributed to 75% of the incremental disbursement during FY15

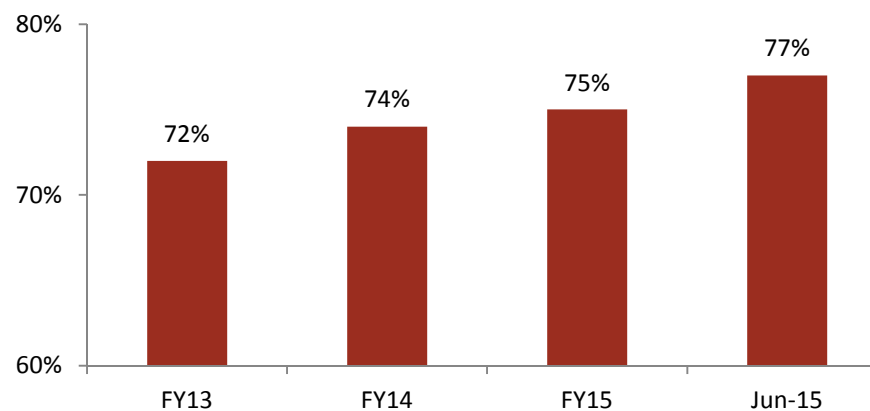
Increasing share of large MFIs



Market share of Major Players – In terms of GLP (Jun 15)



Market Share of Top 10 players



Source: MFIN, Company.

Note – From Q3 CY15 onwards, Bandhan has become a bank

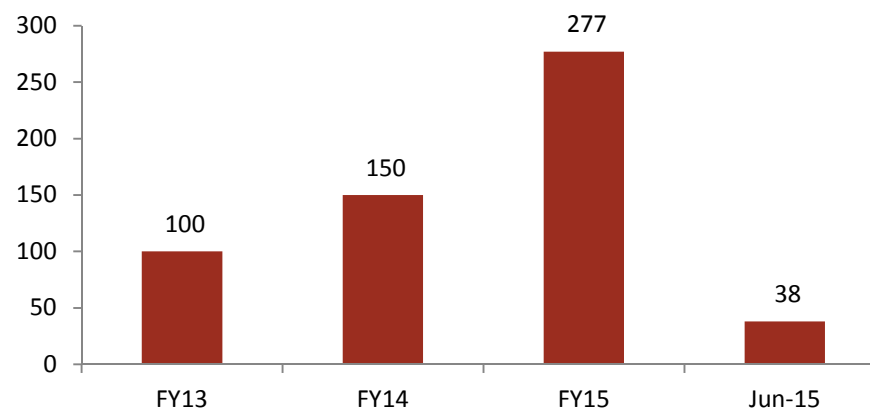
*Market share vis-a-vis GLP.

Lenders Have Turned Optimistic

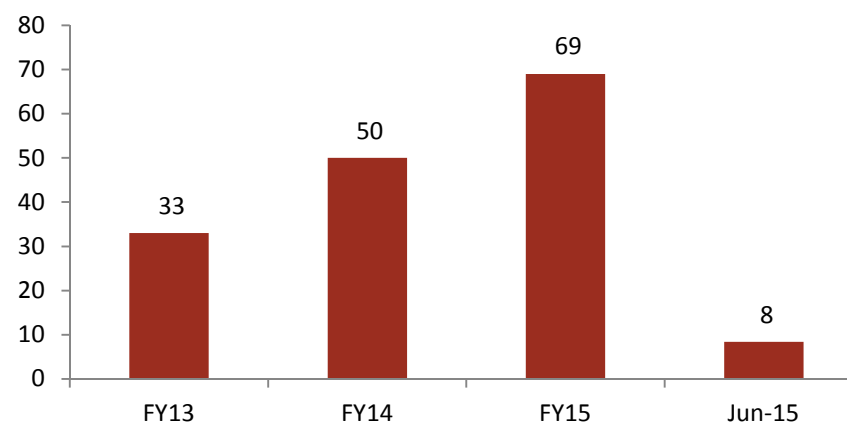
Higher debt funding

- Banks have shown greater confidence in the sector and have increased their funding to MFIs
 - MFI continues to enjoy Priority Sector status
 - Greater monitoring and regulations from RBI
 - Greater transparency, standardized processes and streamlining of operations have resulted in greater comfort to banks
- Securitization also on a rise
 - Securitization also has Priority Sector benefits
 - Institutional investors investing through securitization transactions
 - Structured lending – ADB guaranteed lending by Ratnakar Bank

Debt funding during the years (INR bn)

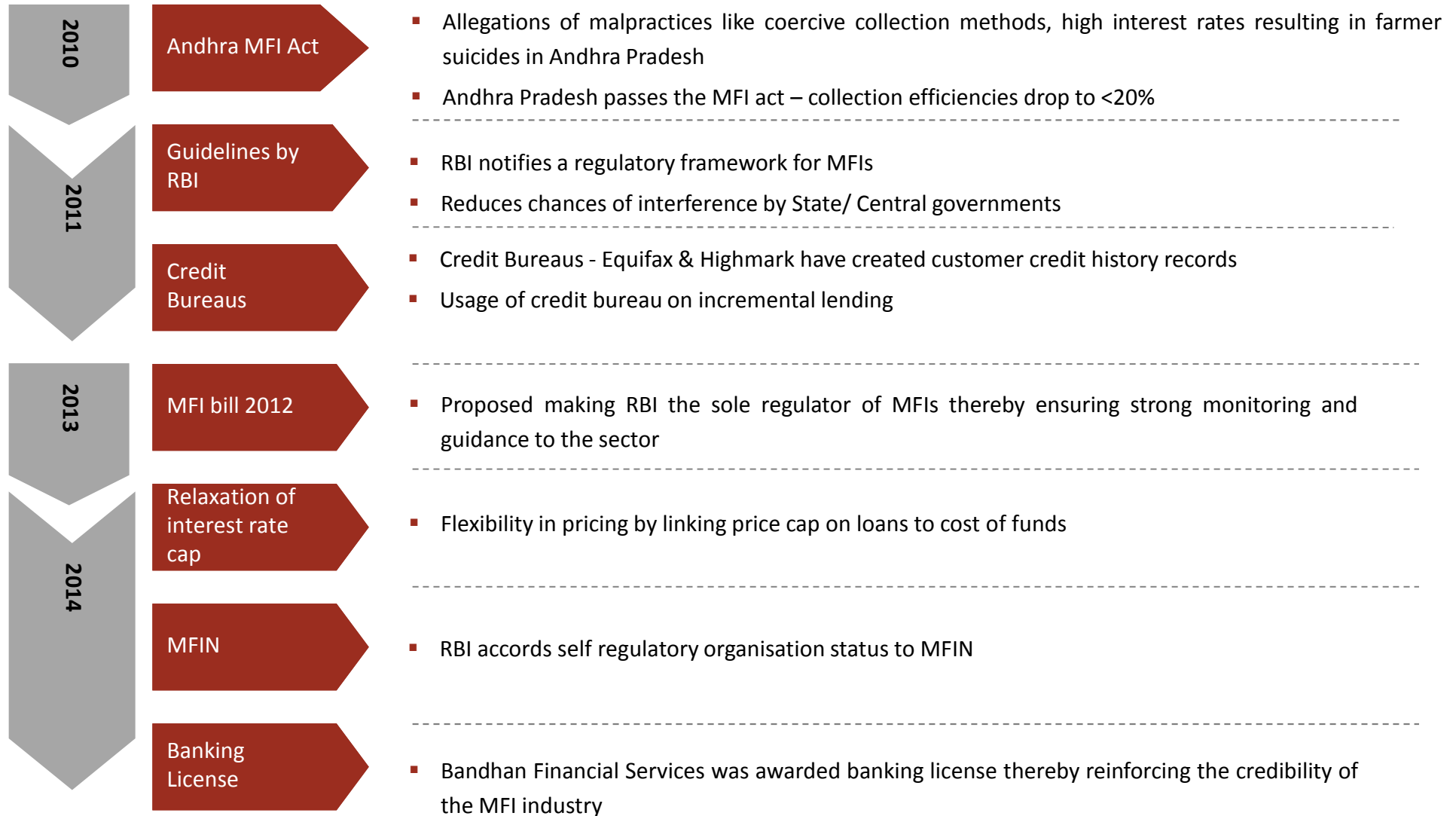


Securitized portfolio (INR bn)



Source: MFIN.

Positive Regulatory Developments have brought Stability & Growth



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Thank You



Contact Information

For Any Queries, Contact

Amit Kumar Gupta

VP – Accounts & Finance

Satin Creditcare Network Limited

E: amit.gupta@satincreditcare.com

T: +91 11 4754 5000 (Ext – 253)