



SATIN CREDITCARE NETWORK LTD.

Reaching out!

Satin Creditcare Network Limited Q1FY21: Resilient Performance Backed by Strong Collections and Lower NPAs

India, September 02, 2020: Satin Creditcare Network Limited (SCNL) (NSE: SATIN, BSE: 539404), one of the leading microfinance companies in the country, has announced its unaudited financial results for the first quarter ended 30th June 2020. The financial numbers are based on IndAS.

Financial Performance (On a Consolidated Basis)

The assets under management (AUM) stood at Rs 8,119 crores in FY21 as compared to Rs 7,139 crores in FY20, a YoY growth of +14%. Net Interest Income stood at Rs 150 crores in FY21 as compared to Rs 199 crores in FY 20, a YoY growth of -25%. Pre-Provisioning Operating Profit (PPOP) stood at Rs 50 crores as compared to Rs 84 crores in FY 20, a YoY growth of -40%. Profit After Tax (PAT) stood at Rs 13 crores as compared to Rs 41 crores, a YoY growth of -69%. Profits & return ratios impacted due to higher provisions made on account of COVID-19, nationwide lockdowns, and other external factors during the quarter. During Q1FY21, Micro Finance Disbursements stood at Rs. 54 crores. Disbursement activities got impacted on account on nationwide lockdown. As on 30th June 2020, the Assigned Portfolio stood at Rs. 2,009 crores. As on 30th June 2020, Business Correspondence through IndusInd Bank (in the SCNL Book) stood at Rs. 519 crores

Commenting on the performance, Mr. HP Singh, Chairman & Managing Director of Satin Creditcare Network Limited, said

“The abrupt halt of economic activities during the COVID-19 crisis, has had a major impact on businesses across economies and sectors. Barring few essential services, all commercial activities stood at complete halt due to imposition of nationwide lockdown, until May-2020 when things started to stabilize with staggered lifting up of lockdown restrictions. Despite this, we managed to grow our AUM by 14% to Rs. 8,118 crores Y-o-Y.

As major impact of pandemic and lockdowns was felt in quarter one of FY21, we believe our performance has been satisfactory and well above our internal estimates.

The quarter gone by was full of challenges for the entire micro-finance sector as lockdown restrictions led to restricted collections and disbursements activities. Despite these challenges we have showcased improving trajectory in our asset quality and have delivered a sequential improvement of 50 basis points in our GNPA which stood at 2.4% as of June 2020. We have adequately provided for these. On-book Provision Coverage at 130% is the highest we had in a few years. Going forward we continue to remain focused on achieving steady growth without hampering our portfolio quality.

During the lockdown period when economic activities were majorly at halt, we have undertaken couple of initiatives to adopt newer technologies and digital solutions in all our functions for more efficient and effective working environment and thus providing higher customer satisfaction.

We successfully launched a new **‘Customer Service App’** to increase digital and financial awareness among customers and helped them getting connected with brand **‘SATIN’**. We have also launched a new product called **‘Pragati Loans’** with main purpose of this product is to rebuild borrowers income generation activities impacted majorly due to COVID-19 and also help them reduce monthly cash outflow on their loans.

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We are continuously engaging with our customers, employees, and field staffs and now with lockdown restrictions being lifted in major parts of the country and economic activities progressing towards normalcy, we are getting progressive responses both on collections and disbursements activities with each passing day. We expect coming quarters to be much better and robust both on financial and operational aspect.”

Increasing Footprints with Improved Outreach

Particulars	June – 20	June – 19	Y-O-Y
States & UTs	23	22	+5%
Branches	1,355	1,228	+10%
Districts	393	368	+7%
No. of Loan Officers	7,475	7,023	+6%
No. of Clients (lakhs)	33.2	36.0	-8%

Update on Rights Issue

The Board of Directors of the Company considered and approved the fund raising by way of the Rights Issue of 1,99,82,667 Equity shares of the Company, to eligible equity shareholders of the Company in the ratio 48:125. The issue size was up to Rs. 120 Crores at Rs. 60 per fully paid-up Equity Share of face value of Rs. 10/- each including a premium of Rs. 50/- per Equity Share to be paid in multiple calls as may be determined by the Board/Committee of the Board, from time to time. The issue was oversubscribed and Rs. 15 per share have been received on application. The Company is going to use issue proceeds for augmenting capital base to meet future capital requirements and funding requirements for growth of the business and operations and general corporate purposes

Capital Adequacy and Liquidity

The capital base has been strong with CRAR of 31.09% and well above the regulatory requirements. The company has a healthy Tier-I capital comprising of 23.67% of the total capital base. The company will continue to maintain a healthy balance sheet liquidity with Rs. 1,652 crores of surplus funds as on 30th June 2020. The company has undrawn sanctions worth Rs. 1,006 crores as on 30th June 2020.

Borrowing Profile

Total Borrowings stood at Rs. 5,326 crores as on 30th June 2020. Debt-to-equity ratio as of 30th June 2020 stood at 3.6X. The Company’s reliance on NBFC funding has also further reduced to 4% from 10% last year which has significantly reduced its reliance on higher cost of funding. 59% of our borrowings are through Banks. The company has raised Rs. 330 cr in Q1FY21.

Update on Moratorium

As of 30th June, 11% of the company’s borrowers have opted for complete moratorium and for July and August, collection efficiency stood at 85%

Asset Quality

Gross Non-Performing Assets (GNPA) at an AUM level stood at 2.4% as on 30th June 2020. On account of COVID-19 outbreak the company has made more than adequate provisioning of 130% for on-book portfolio, bringing the NNPA to -0.8%. The company’s NNPA has seen a reduction of 110 bps on a Year or Year basis, while on a sequential basis it has come down by 60bps. The company has made additional buffer provision of Rs. 90 crores, which is 2% of on-book portfolio, on account of COVID.

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Subsidiaries

Business Correspondent services under Taraashna Financial Services Limited has reached an AUM of Rs. 677 crores. As of 30th June 2020, the Company operates through 208 branches, has more than 3.60 lakh active loan clients. Satin Housing Finance Ltd, has now reached an AUM of Rs. 144 cr, having presence across 4 states with 1,305 customers. SHFL has 100% retail book comprising of: 87% affordable housing loans and 13% of LAP. The Company has 9 active lenders including NHB refinance. 6% clients have availed complete moratorium. Satin FinServ Ltd, our MSME arm is also taking good shape post commencing operations having AUM of Rs.118 crores. 4% of clients have availed complete moratorium.

About Satin Creditcare Network Limited

Satin Creditcare Network Limited (SCNL or Satin) is a leading microfinance institution (MFI) in the country with presence in 23 states & union territory and around 85,313 villages. The company mission is to be one stop solution for excluded households at the bottom of the pyramid for all their financial requirements. The company also offers a bouquet of financial products in the Non-MFI segment (comprising of loans to MSMEs), a housing finance subsidiary, and business correspondent services and similar services to other financial Institutions through Taraashna Financial Services Limited, a business correspondent company and a 100% subsidiary of SCNL.

In April 2017, SCNL incorporated a wholly owned housing finance subsidiary (Satin Housing Finance Limited or "SHFL") for providing loans to the affordable housing segment.

In January 2019, received separate NBFC license to commence MSME business, Satin Finserv Limited. SCNL forayed in digital lending "Loan Dost" to target millennials.

As of June 2020, SCNL had 1,355 branches and a headcount of 11,700 across 23 states and union territories serving 33.2 lakh clients. A pan-India player with a strong presence throughout Uttar Pradesh, Bihar, North East, Madhya Pradesh and is a dominant player in its other states of operations.

Disclaimer

This document may contain certain forward-looking statements within the meaning of applicable securities law and regulations. These statements include descriptions regarding the intent, belief or current expectations of the Company or its directors and officers with respect to the results of operations and financial condition of the Company. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in such forward-looking statements as a result of various factors and assumptions which the Company believes to be reasonable in light of its operating experience in recent years. Many factors could cause the actual results, performances, or achievements of the Company to be materially different from any future results, performances, or achievements. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in government regulations, tax regime and other statutes. The Company does not undertake to revise any forward-looking statement that may be made from time to time by or on behalf of the Company

Satin Creditcare Network Ltd.

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