



SATIN CREDITCARE NETWORK LTD.

Reaching out!

12th February 2021, New Delhi: Satin Creditcare Network Limited (SCNL) (NSE: SATIN, BSE: 539404) has announced its unaudited financial results for the third quarter and nine months ended 31st December 2020. The financial numbers are based on IndAS.

Financial Performance (On a Consolidated Basis)

Particulars (Rs. Crs.)	9MFY21	9MFY20	Q3FY21	Q3FY20	Remarks
Assets under Management (AUM)	7,880	7,284	7,880	7,284	For the quarter, we have credit cost of Rs.159 crores on account of COVID-19 Pandemic and other external factors
Net Interest Income	497	644	162	227	
Pre-Provisioning Operating Profit (PPOP)	182	290	52	115	
Profit After Tax (PAT)	-52	142	-80	47	

- During Q3FY21, the consolidated disbursement stood at Rs. 1,822 crores as compared to Rs. 2,193 crores in Q3FY20. The Company has witnessed a gradual improvement in the disbursement growth which got impacted in H1FY21 on account on COVID induced disruption and nationwide lockdown
- For the quarter, the standalone disbursement stood at Rs. 1,624 crores as compared to Rs. 1,904 crores in Q3FY20. The Company expects to see a healthy disbursement growth on a sequential basis in the upcoming quarters
- As on 31st December 2020, the Assigned Portfolio stood at Rs. 1,216 crores
- As on 31st December 2020, Business Correspondence through IndusInd Bank (in the SCNL Book) stood at Rs. 362 crores

Increasing Footprints with Improved Outreach

Particulars	Q3FY21	Q3FY20
States & UTs	23	22
Branches	1,252	1,354
No. of Employees	11,441	12,971
No. of Loan Officers	7,597	8,012
No. of Clients	30 Lacs +	35 Lacs +

Capital Adequacy and Liquidity

- The capital base has been strong with CRAR of 25.3% and well above the regulatory requirements
- The Company continues to maintain a healthy balance sheet liquidity with Rs. 1,831 crores of surplus funds as on 31st December 2020
- Undrawn sanctions worth Rs. 881 crores as on 31st December 2020



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- Bolstered Capital position by successfully raising Rs. 120 crores via Rights Issue of partly paid equity shares in 9M FY21 (Ratio of 48:125). The issue was oversubscribed at 123%
- Share application money of Rs. 15 per share has been received by the Company. Balance amount would be called via one or more subsequent calls as determined by the Board

Borrowing Profile

- Total Borrowings stood at Rs. 5,978 crores as on 31st December 2020.
- Debt-to-equity ratio as of 31st December 2020 stood at 4.4x
- **Focusing on diversifying source of funds** with the share of NCDs and ECBs increasing to 30% in Q3FY21 versus 25% in Q2FY21
- 57% of our borrowings are from Banks

Collection Efficiency

- **Seeing improvement in repayments and collections** Month-on-Month, collection efficiency is back to pre-COVID levels with December 2020 clocking 98%
- **Cumulative collection efficiency for 9MFY21 stood at 92%**
- **98% of the MFI customers have paid all instalments in January 2021 as against 86% in September 2020**
- Significant improvement in number of non-paying clients from 11% in September 2020 to <2% in January 2021

Asset Quality

- GNPA stood at 1.5% as the Company has not recognized any NPAs since August 31, 2020, in line with the interim order of Hon. Supreme Court. However, the company has identified such accounts as stage 3 and made provisions accordingly
- GNPA stood at 0.5% without considering Assam
- Pro forma GNPA and NNPA stood at 9.6% and 3.9% respectively as on 31st December 2020. The rise in NPAs this quarter was primarily due to the COVID induced disruption and nationwide lockdown earlier in the fiscal year
- Pro forma GNPA without considering Assam stood at 7.6%
 - Going forward, the asset quality is expected to improve with collection efficiency approaching normalized levels in the coming months
 - Finance Cost: Rs 159 crores in Q3 FY21 and Rs 475 crores in 9M FY21
 - With this, cumulative provisions stood at Rs 305 crores covering 5.7% of the AUM



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Subsidiaries

- **Taraashna Financial Services Limited**, the Business Correspondent subsidiary reached an **AUM of Rs. 646 crores** as of 31st December 2020. At present, the Company operates through 202 branches, has more than 3.6 lakh active loan clients
- **Satin Housing Finance Ltd, the Housing Finance arm, has reached an AUM of Rs. 200 crores with DA of Rs. 5 crores**, having presence across 4 states with 2,067 customers. SHFL has 100% retail book comprising of 82% affordable housing loans and 18% of LAP. The Company has 10 active lenders including NHB refinance. Total equity stands at Rs. 95 crores and it has a CRAR of 97.3% and gearing of 1.4x
- **Satin Finserv Ltd, the MSME arm reached AUM of Rs.127 crores.** It has a presence across 8 states through 15 Branches with 1,429 active loan clients

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

“During Q3FY21 we saw much better business momentum as our disbursement grew by 154% sequentially to Rs. 1,822 crores (reaching >80% of Q3FY20). This positive movement in disbursement drove our AUM higher by 8% Y-o-Y and 3% Q-o-Q to Rs. 7,880 crores. Further, more importantly, we saw a significant pick in on-ground collections with our collection efficiency improving to 98% in December 2020. This improvement in repayment rates is aided by progressive recovery playing out across sectors led by lifting of lockdown restrictions and gradual moderation in COVID related concerns. Such improvement in collection efficiency highlights our robust underwriting and collections mechanism coupled with the resilience of our customer base.

In keeping with our conservative culture, we have adopted early risk recognition leading to the Company reporting pro forma GNPA of 9.6% (while the actual GNPA was 1.5% considering no change in NPA recognition after 31st August in line with the interim order of Hon. Supreme Court). Further, excluding Assam our pro forma GNPA stood at 7.6%. Following a prudential approach, we have strengthened our provisioning coverage buffer to 5.7% of on-book AUM, considering such assets as stage 3.

Ensuring our portfolio quality is our foremost priority, hence we have tightened our credit screens post COVID. This has held us in good stead as our PAR 1 (%) for new disbursements made in this fiscal year stood at 0.47%. The total portfolio outstanding of new disbursements made during April 2020 to January 2021 stood at Rs. 2,644 crores; constituting 49% of the on-book JLG portfolio as of January 2021.

Going forward we expect profitability to improve in the next financial year as provisions decline in the coming quarters. Our healthy balance sheet and strong liquidity position coupled with pick up in disbursements will help us get back on our pre-COVID growth trajectory”

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 territories and around 84,000 villages. The company mission is to be a leading micro financial institution by providing a comprehensive range of products and services for the financially under-served community. The company also aims to lead in gender empowerment by leveraging on technology and innovation that forge sustainable strategic partnerships. 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



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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. As of December 2020, SCNL had 1,252 branches and a headcount of 11,441 across 23 states and union territories serving more than 30 lakh clients.

Disclaimer

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Satin Creditcare Network Ltd.

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