



SATIN CREDITCARE NETWORK LTD.

Reaching out!

9th August 2021, New Delhi

Satin Creditcare Network Limited (SCNL) (NSE: SATIN, BSE: 539404) has announced its un-audited financial results for the first quarter ended 30th June 2021. The financial numbers are based on IndAS.

Financial Performance (On a Consolidated Basis)

Particulars (Rs. crores)	Q1 FY22	Q1 FY21
Assets under Management (AUM)	7,464	8,119
Net Interest Income	180	152
Pre-Provisioning Operating Profit (PPOP)	57	50
Profit After Tax (PAT)	(81)	13

- Our disbursements for the quarter stood at Rs. 282 crores as compared to Rs. 67 crores in Q1FY21 and Rs. 2,376 crores in Q4FY21
- During the quarter we have adopted a cautious approach in our new disbursements on account of rising infections and the resultant economic impact due to the second wave of the Covid-19 pandemic
 - Standalone disbursement for the quarter stood at Rs. 222 crores as compared to Rs. 54 crores in Q1FY21 and Rs. 2,084 crores in Q4FY21
 - However, we expect disbursements activity to pick up as more population gets vaccinated and the economy rebounds from the pandemic
- PAT for Q1FY22 was Rs. -81 crores as compared to Rs. 13 crores in Q1FY21
- As at 30th June 2021, our Assigned Portfolio stood at Rs. 1,093 crores

Footprints and Outreach

Particulars	June-21	June-20
States & UTs	23	23
Branches	1,264	1,355
No. of Employees	12,287	11,700
No. of Loan Officers	7,824	7,238
No. of Clients in lacs	29.6	33.2

Capital Adequacy and Liquidity

- Our capital adequacy for the quarter stood at 24.0% which is well above the regulatory requirements
- Till date, the Company did a fundraise Rs. 396 crores
- The Company continues to maintain a healthy balance sheet liquidity with Rs. 1,497 crores of surplus funds and has undrawn sanctions worth Rs. 135 crores as on 30th June 2021
- To Bolster the Company's Capital Position, we successfully raised ~Rs. 120 crores via Rights Issue in Aug'20 with an overwhelming response (Issue was oversubscribed at 123%)

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- Out of this, ~Rs. 90 crores already received by the Company (Rs.45 per share out of Rs. 60)
- Also, Final call of ~Rs. 30 crores in this regard has been made, whereby call payment period has begun on 6th August 2021 and will end on 20th August 2021

Borrowing Profile

- Total Borrowings stood at Rs. 5,842 crores as on 30th June 2021
- Debt-to-equity ratio as of 30th June 2021 stood at 4.1x
- The company's reliance on NBFC funding is 6% of total borrowings and has significantly reduced its reliance on the higher cost of funding
- 57% of our borrowings are through Banks

Collection Efficiency

- Collection efficiency witnessed some dip on account of the second wave of Covid-19 pandemic during the quarter. However, collections on ground have started to pick up with declining Covid-19 infections and lifting up of lockdown restrictions
- Cumulative collection efficiency for Q1FY22 stood at 82%, excluding Assam at 84%
- Non-paying clients at 5.1% in Jun'21
- For Jun'21 Collection Efficiency in top 4 states stood at 89%, and have witnessed improving trends in the month of July and August 2021

Asset Quality

- On-book Gross Non-Performing Assets stood at 9.7%
 - On account of COVID-19 outbreak we have made adequate provisioning of 8.4% bringing our NNPA to 1.2%

Portfolio Re-structuring

- Re-structuring in JLG & MSME Portfolio: Restructured 18,735 loans related to individuals and small businesses amounting to Rs. 43.4 crores in accordance with the RBI's guideline - Resolution Framework - 2.0, which is 0.7% of standalone AUM

Subsidiaries

- Business Correspondent services under Taraashna Financial Services Limited has reached an AUM of Rs. 671 crores. As of 30th June 2021, the Company operates through 213 branches, has more than 3.7 lakh active loan clients
- Satin Finserv Ltd, our MSME arm reached AUM of Rs. 125 crores
- Satin Housing Finance Ltd, has now reached an AUM of Rs. 224 crores including DA of Rs. 20 crores, having presence across 4 states
 - SHFL has 100% retail book comprising of: 79% affordable housing loans and 21% of LAP
 - The Company has 10 active lenders including NHB refinance
 - CRAR of 95.8% and gearing of 1.3x. Total equity stands at Rs. 93 crores

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Scheme of Arrangement

- The Board of Directors of two wholly owned subsidiaries of the Company namely, **Taraashna Financial Services Limited and Satin Finserv Limited**, at their respective meetings have considered and approved a draft Scheme of Arrangement for **Amalgamation of Taraashna Financial Services Limited (“Transferor Company”) with Satin Finserv Limited (“Transferee Company”) and their respective shareholders and creditors (“Scheme’)** under Sections 230 to 232 of the Companies Act, 2013 (“Act”) and other applicable provisions of the Act and rules made thereunder. The Scheme is conditional and subject to obtaining other necessary regulatory approvals under applicable laws, including approval of Hon'ble National Company Law Tribunal of relevant jurisdiction.

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

“As guided earlier, Q1FY22 was anticipated to be a challenging quarter as rising Covid-19 infection, and the resultant economic impact led to a halt in the recovery the sector was witnessing in the last quarter of FY21. The Company has adopted a well-calibrated and cautious approach in disbursing new loans.

Over the years, we have grown steadily and have demonstrated our resilience even in times of adversity faced by the business and the industry. Going ahead, we expect this growth momentum to continue, and for the full year FY22 anticipate an AUM growth of 8% to 10%, along with working towards enhancing the portfolio quality and deepening the footprints in newer geographies.

Additionally, the Company is well capitalised with CRAR of 24.0% and balance sheet liquidity of Rs. 1,497 crores which makes us well-positioned and agile to achieve the anticipated growth over the medium to long term and recover the lost ground.

As a holistic institution, the Company has always envisaged empowering underserved customers through customized financial solutions across the value chain and build progressive opportunities for the lesser privileged sections across India. One such initiative was to disburse 87,000 bicycles to women in association with Hero Cycles. This initiative aims to enhance the mobility and livelihood of these women which in turn will provide them better access to education, healthcare, and employment, thus promoting gender equality.

In the near term with the asset quality anticipated to get better with better repayments and collection efficiency getting closer to normalized levels, we expect a significant revival of the sector and Satin being one of the leading players in the industry is expected to bounce back strongly”.

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 83,000 villages. The company 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 (BC) services and similar services to other financial Institutions. Taraashna Financial Services Limited is 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, it received separate NBFC license to commence MSME business, through Satin

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Finserv Limited. As of June 2021, SCNL had 1,264 branches and a headcount of 12,287 across 23 states and union territories serving more than 30 lakh clients.

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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