



SATIN CREDITCARE NETWORK LTD.

Reaching out!

31st January 2022, New Delhi

Satin Creditcare Network Limited (SCNL) (NSE: SATIN, BSE: 539404) has announced its un-audited and limited reviewed financial results for the quarter and nine months ended 31st December 2021. The financial numbers are based on IndAS.

Financial Performance (On a Consolidated Basis)

Particulars (Rs. crores)	Q3 FY22	Q3 FY21
Assets under Management (AUM)	7,218	7,880
Net Interest Income	194	164
Pre-Provisioning Operating Profit (PPOP)	59	52
Profit After Tax (PAT)	34	-80

- Our disbursements for the quarter stood at Rs. 1,348 crores as compared to Rs. 1,822 crores in Q3FY21 and Rs. 1,315 crores in Q2FY22 registering a sequential growth of 2.5%
 - Micro-Finance disbursements for the quarter stood at Rs. 1,224 crores as compared to Rs. 1,742 crores in Q3FY21 and Rs. 1,221 crores in Q2FY22
- Continuing a cautious and calibrated approach in disbursement activities, we are gradually inching towards the pre-covid levels and have majorly disbursed loans to clients with regular repayment cycles and healthy credit history
- Our Average Ticket Size of MFI Lending for the quarter stood at Rs. 43,000
- With the relaxation of the lockdown restrictions as well as improvement in our disbursement and collection efficiency, the Company has reported a PAT for Rs. 34 crores in Q3FY22 as compared to a loss of Rs. 80 crores in Q3FY21
- Assigned Portfolio stood at Rs. 771 crores as on 31st December 2021

Footprints and Outreach

Particulars	Dec-21	Dec-20
States & UTs	23	23
Branches	1,214	1,252
No. of Employees	12,888	11,441
No. of Loan Officers	9,031	7,597
No. of Clients (Lakhs)	28.2	30.1

Capital Adequacy and Liquidity

- Our capital base continued being strong with a capital adequacy ratio of 24.0%
 - Additionally, the Company took proactive steps to augment its capital position by successfully raising Rs. 120 crores via a rights issue in August 2020 and Rs. 225 crores by the way of allotment of equity shares and fully convertible warrants on a preferential basis to the promoter and non-promoter entities in December 2021, allotment completed in January 2022

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- The Company continues to maintain a healthy balance sheet liquidity with Rs. 1,069 crores of surplus funds and has undrawn sanctions worth Rs. 320 crores as on 31st December 2021

Borrowing Profile

- Total consolidated borrowings stood at Rs. 5,734 crores as on 31st December 2021
- Debt-to-equity ratio as of 31st December 2021 stood at 3.7x
- The Company's reliance on NBFC funding is 7% of total borrowings and has significantly reduced its reliance on the higher cost of funding
 - 62% of our borrowings are through Banks
- Till date, the Company did a fundraise of Rs. 2,329 crores from various lenders

Collection Efficiency

- For the quarter under review, the Company emphasised more on collections rather than chasing the growth. The collection efficiency for the quarter stood at 97% without Assam as compared to 90% in Q2FY22
- Collection Efficiency trend without Assam for FY22 stood as follows:
 - Q1FY22 - 84%
 - Q2FY22 - 90%
 - Q3FY22 - 97%
- Cumulative collection efficiency for Q3FY22 including Assam stood at 96%
- With situations improving on the ground, the Company has witnessed a significant reduction in the number of non-paying clients from 6% in Apr'21 to 3% in Dec'21
- Top 4 states (UP, Bihar, MP and Punjab) which comprise of 51.5% of the Company's AUM; collection efficiency stood at 99%

Asset Quality

- On-book Gross Non-Performing Assets stood at 8.6%
- We have made adequate provisioning of 8.1% of on-book portfolio
- No impact of RBI circular dated 12th November 2021 regarding recognition of NPA

Subsidiaries

- Business Correspondent services under Taraashna Financial Services Limited have an AUM of Rs. 676 crores. As of 31st December 2021, the Company operates through 152 branches and has more than 3.4 lakh active loan clients
- Satin Finserv Ltd, the Company's MSME lending arm has reached an AUM of Rs. 144 crores
- Satin Housing Finance Ltd, has now reached an AUM of Rs. 275 crores including DA of Rs. 22 crores, having a presence across 4 states with 3,088 customers
 - SHFL has 100% retail book comprising of: 71% affordable housing loans and 29% of LAP.
 - The Company has 12 active lenders including NHB refinance
 - CRAR of 74.9% and gearing of 1.8x. Total equity stands at Rs. 100 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 Company has filed the first joint motion application before the Hon’ble NCLT Bench Chandigarh in Jan’22

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

“In line with our motto of Adopting the RIGHT strategies at the RIGHT time, during the quarter we have emphasised more on our collections rather than chasing the growth. Impacted by the COVID-19 pandemic second wave, the collection efficiency suffered initially; however, through our efforts of continuous customer engagement, relaxation of the lockdown restrictions, rollout of mass vaccination drives, and improved employment situation, the collection efficiency significantly improved from ~82% in Q1FY22 to ~96% in Q3FY22.

Our disbursements for Q3FY22 stood at Rs. 1,348 crores as compared to Rs. 1,822 crores in Q3FY21 and Rs. 1,315 crores Q2FY22. Our 9MFY22 disbursements stood at Rs. 2,942 crores. Our Consolidated AUM stood at Rs.7,218 crores as on December 31, 2021. Considering the current pandemic scare and detection of new Omicron variant, the Company has adopted a well-calibrated and cautious approach in disbursing new loans due to which AUM de-grew by 8.4% Y-o-Y.

We have maintained consistent portfolio quality by tightening our credit assessment criteria post the advent of COVID-19 and are diligently working towards enhancing the same. Our on-book Gross Non-Performing Assets for the quarter stood at 8.6%, while we have made adequate provisioning of 8.1% as of 31st December 2021 of on-book portfolio.

Additionally, we have achieved two major milestones of completing the Rights issue of INR 120 crores and raising INR 225 crores by way of preferential issue of shares and fully convertible warrants from marquee investors and promoter entities. These milestones reaffirm the faith that our stakeholders have in our Company to deliver outlined strategy, achieve steady financials, and deliver profitable growth over the long term.

We believe, our conviction, passionate workforce, experienced Board, and strong balance sheet position will help us achieve sustained growth across our value chain and ensure the overall development of all our stakeholders. Going forward, with a broad-based pick up across the economy’s various sectors, we anticipate improved disbursement, collections, and steady AUM growth, quarter-on-quarter.”

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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 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. 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 Finserv Limited. As of December 2021, SCNL had 1,214 branches and a headcount of 12,888 across 23 states and union territories serving 28 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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