



“Satin Creditcare Network Limited  
Q3 & 9M FY2022 Earnings Conference Call”

**February 02, 2022**





*Satin Creditcare Network Limited*  
*February 02, 2022*

**MANAGEMENT: MR. H P SINGH – CHAIRMAN AND MANAGING DIRECTOR**  
**MR. JUGAL KATARIA - GROUP CONTROLLER**  
**MS. ADITI SINGH – HEAD STRATEGY**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Satin Creditcare Network Limited Q3 and 9M FY2022 earnings conference call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. HP Singh, Chairman and Managing Director of Satin Creditcare Network Limited. Thank you and over to you Sir!

**HP Singh:** Thank you. Thank you for taking the time to learn more about our Q3 and nine months FY2022 financial performance. I am hoping you have already gotten our quarterly results and investor presentation. For individuals who have not seen them they are available on our website and at stock exchanges.

The microfinance sector in India has traversed a very turbulent journey until H1 FY2022; however, we are pleased to report that collection efficiency and business has improved dramatically in Q3 FY2022 with overall collection efficiency of 97% excluding Assam as compared to 90% in Q2 FY2022 and 84% in Q1 FY2022.

The collection efficiency in top four states which comprises of UP, Bihar, Madhya Pradesh and Punjab which account for 51.5% of the Company’s AUM stood at 99%. This growth in our collection reflects the strength of our underwriting and collection systems as well as tenacity of our customer base. There is also a very promising time in form of reduction of non-paying clients to 3% which was 4% in the preceding quarter.

During the quarter, the company employed a cautious and calibrated approach in disbursing loans to new customers throughout emphasising more on disbursing loans to existing customers with regular repayment cycle and healthy credit history. Our average ticket size of MFI lending for the quarter stood at Rs. 43,000 since we focused only on repeat customers.

Our disbursements for the quarter were at Rs. 1,348 Crores on a consolidated basis, up 2.5% sequentially from Rs. 1,315 Crores in Q2 FY2022. The consolidated Assets under Management amounted to Rs. 7,280 Crores.

However, the Omicron strain is supposed to be milder than previous infections and since most of the employees and borrowers have been vaccinated this time around we expect stable credit demand and improved ecosystem recovery in the coming quarter allowing us to focus more on fresh disbursements and get back on the path of the growth.



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The company believes that the worst is behind it and that robust industry demand and rising economic activity will lead to long term success. In this regard, the company has successfully raised Rs. 225 Crores by way of allotment of equity shares and fully convertible warrants to the promoter and non-promoter entities in January 2022. We at Satin are really grateful for the opportunity as this investment will not only help us reach our medium term objectives, but will also accelerate our long term strategic aspirations such as strengthening our footprint and driving the Company's planned growth across key metrics.

These investors also underline the market's belief in Satin even in these difficult circumstances that it is well positioned to achieve profitable long term growth without compromising on portfolio quality. This fund raise of Rs. 225 Crores will boost our strong position in the lending ecosystem and help us retain our firm footing and recuperate in these uncertain times while keeping an eye on opportunities ahead.

As on December 2021, the company's balance sheet liquidity remains strong with Rs. 1,069 Crores in surplus funds and Rs. 320 Crores in undrawn sanctions. Till date, the company has raised Rs. 2,329 Crores from various lenders. The CRAR as on December 2021 stood at a strong 24%.

We have consistently developed over the years by putting a significant emphasis on customer service. Our technology integrated process, solid domain knowledge, motivated team, and visionary leadership are the foundation of Satin. Our primary goal is to make a positive difference on the lives of underserved communities while also involving and transforming the lives of over 28 plus lakh clients and going ahead using a calculated approach. The organization aims at building a solid portfolio with few delinquencies and expanding its reach in existing and new locations.

Now let me run you through the financial and operational highlights of the company. Our disbursement for the quarter stood at Rs. 1,348 Crores as compared to Rs. 1,822 Crores in Q3 FY2021 and Rs.1,315 Crores in Q2 FY2022 registering a sequential growth of 2.5%. Microfinance disbursement for the quarter stood Rs. 1,224 Crores as compared to Rs. 1,742 Crores in Q3 FY2021 and Rs. 1,221 Crores in Q2 FY2022.

Continuing our cautious and calibrated approach in disbursement activities, we are gradually inching towards the pre-COVID disbursement levels and have majorly disbursed loans to clients with regular repayment cycles and healthy credit history. The company's collection efficiency trend without Assam for the first three quarters of FY2022 was as follows: Q1 84%, Q2 90% and Q3 was 97%.

Assigned portfolio stood at Rs.771 Crores as on December 31, 2021. As on December 31, 2021 100% of our disbursements were made through cash less mode, while cash less collection stood



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at 4%. We at Satin aim to adopt and use more of digital channels as it largely mitigates cash risk and increase operational efficiency. In this regard we have also adopted website payments option and UPI auto debit.

Net interest income for Q3 FY2022 stood at Rs. 194 Crores as against Rs. 164 Crores in Q3 FY2021. Our Q3 FY2022 pre-provisioning operating profit stood at Rs. 59 Crores as compared to Rs. 52 Crores in Q3 FY2021. As on December 31, 2021 we have made adequate on book provisions of Rs. 427 Crores on account of COVID-19 pandemic and other external factors.

PAT for the quarter stood at Rs. 34 Crores as against the loss of Rs. 80 Crores in Q3 FY2021. Our cost to income ratio for the quarter stood at 69.6% while our opex to GLP ratio stood at 7.4% which is expected to come down gradually. Broadly on our collection efficiency cumulative pan India collection efficiencies for Q3 FY2022 stood at 97%, without Assam whereas collection efficiency in top four states stood at 99%. ~97% of our MFI customers have paid at least one installment in December 2021 as against ~96% in September 2021.

We are also witnessing consistent improvement in customers that have made full payment. 91% of our customers have paid in full as at December 2021 versus 76% in September 2021. We have a well diversified customer base, well penetrated branch network across states and 76% rural exposure.

We have taken a number of proactive steps to improve portfolio quality and reduce portfolio steps. As of December 31, 2021 our GNPA stood at 8.6% of AUM and we had made more than adequate provisioning of 8.1%. Our overall branch network counted 1,214 branches as of December 31, 2021 making it one of the largest in the business. We use our physical branch network across India to reach more clients and help to the countries financial inclusion goals.

Our branch network stretches approximately in 387 districts in 23 states and Union Territories. As of December 31, 2021, 97.2% of our districts have less than 1% portfolio exposure. We have seen a significant reduction of portfolio risk in terms of average exposure per district, 0.26% in Q3 FY2022 versus 0.45% in FY2017.

Exposure of our top 10 districts 14% in Q3 FY2022 versus 21% in FY2017. Exposure of top four states contributes 51.5% in Q3 FY2022 from 77.3% in FY2017. Women account for a large portion of SCNL's customers with 75% hailing from the country's rural areas. By supporting business, our financing support helps underserved, rural, semi urban areas. We have been able to disburse close to Rs. 29 Crores under the product finance category, which includes loans for bicycles, solar lamps, home appliances, consumer durables, and water and sanitation over the years while leveraging our idea of cross selling products to these women.

An update on our subsidiaries:



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Business correspondence services under the under Taraashna Financial Services has reached an AUM of Rs.676 Crores. As of December 31, 2021 the company operates through 152 branches and has more than 3.4 lakh active loan clients.

Satin Finserv, our MSME lending arm has reached an AUM of Rs. 144 Crores.

Satin Housing Finance Limited has now reached an AUM of Rs. 275 Crores including the DA of Rs. 22 Crores and having presence across 4 states with 3,088 customers. Satin Housing has 100% retail book comprising of 71% affordable housing loan and 29% of LAP. The company has 12 active lenders including NHB Finance. CRAR of 74.9% and gearing of 1.8x. Total equity stands at 100 Crores.

The Board of Directors of two wholly owned subsidiaries of the company, Taraashna Financial Services Limited and Satin Finserv Limited at their respective meetings, considered and approved a draft scheme of arrangement for amalgamation of Taraashna Financial Services (“Transferor company”) with Satin Finserv Limited (“Transferee company”) and their respective shareholders and creditors (the “Scheme”) under Section 230 to 232 of the Companies Act, 2013. The company has filed a first joint motion application before the Honorable NCLT bench Chandigarh in January 2022.

Before we open the floor to question and answers I would want to emphasize that a a responsible firm, we are constantly working to improve the lives of our stakeholders by promoting financial inclusion. We are guided by our long standing commitment to reaching out to society’s underprivileged. We are well positioned to achieve development and reclaim lost ground in the next quarters, pushing by our utmost sincerity, compassion and long-term goal of providing support where it is most needed. I would now like to open the floor for questions. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Rishikesh Oza from Robo Capital. Please go ahead.

**Rishikesh Oza:** Sir very good morning. Sir my first question is if you could indicate about our loan book growth for FY2023 and FY2024 and by when can we reach our pre-COVID quarterly disbursement numbers of around Rs. 1,900 crores?

**HP Singh:** The pickup has started during January in fact December, January we were a little cautious in terms of the Omicron variant, but giving a growth number technically for FY2023 we are looking at a 15% to 20% growth for FY2023 and the disbursements have started picking up now and hopefully I think with no more wave coming further now but we are now well capitalized as well looking forward to a growth of about 15% to 20% for FY2023.

**Rishikesh Oza:** Okay that is it and also Sir if you could give credit cost outlook for FY2023?



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- HP Singh:** On an overall level we hopefully think that the way we have actually put in our teams and we are looking at the complete system and it will be close to about 1% to 1.5% as a credit cost on a yearly basis.
- Rishikesh Oza:** Also Sir if you could give a reason for our increase in opex for this quarter and best if you could quantify in cost to income basis?
- Jugal Kataria:** You know on opex our expenses are broadly under control but because of the reduced volume the percentages look high. If you see the number for nine months it was close to about 6.3%. With slightly increase in AUM these will come to in the range of 5.5% to 5.75% very soon and then we will work on further bringing it down.
- HP Singh:** We are working on it and that is the reason why I mentioned in my opening remark that we are looking at bringing it down gradually. Hopefully everything is settled down in terms of our infrastructure, in terms of our human resources, in terms of the complete systems, as well the way we are looking at growth now since the third wave practically also looks now completely diminished. So it is very, very positively said yes the cost to income ratio will definitely come down now.
- Rishikesh Oza:** Sir the Rs. 427 crores on book provision that you have specified is for standalone basis right. So what would be the consolidated basis numbers?
- HP SinghJugal Kataria:** The consolidated numbers are also there in the result. You know the other businesses, the MSME and Housing they make their own provisions, because as on today major business is microfinance so that number has been mentioned in the presentation.
- HP Singh:** The total I think will be close to about, I do not remember, it is close to about 450 odd Crores.
- Rishikesh Oza:** That would be great. Sir my last question if you could provide any slippages data for this quarter compared to whatever it was last quarter and what we used to do in pre-COVID. I think stage 3 data is there, if you can just broadly comment on the extra slippage was it higher this quarter compared to your pre-COVID or was it stable?
- HP Singh:** It has been stable that is the reason why the GNPA is practically at the same level you know it was 8.7%, it is now to about 8.6% so practically on the same level.
- Rishikesh Oza:** Okay no problem. That will do. Thank you.
- Moderator:** Thank you. The next question is from the line of Tejas Mehta for Omkara Capital. Please go ahead.



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**Tejas Mehta:** Thanks for taking my question and congrats for the fantastic set of numbers. Just a couple of questions one is there is this new investor Florintree Ventures who have subscribed through warrant that is the month of December. Could you just elaborate if there is any role that they are playing in running the ship from here?

**HP Singh:** Probably I am not the right person to give you a comment on to that, but yes they are active good investors with a good pedigree and our sense is that any investor who comes on board definitely has some value addition to be made to the company and this is what we are looking forward towards Florintree also because the pedigree and the legacy is pretty good and we look forward to their constructive approach towards the well being and the value addition for the company definitely, yes.

**Tejas Mehta:** The other question is your book that you have for Rs. 7,200 Crores I think your presence is very wide across the country probably that is one of the reasons why your opex are also so high is there any though process to consolidate the operations, rationalize the branch infrastructures or any of those things?

**HP Singh:** I think when we actually diversified the first post demonetization so at that point of time and I can just give you a broad base that our UP was ~50% of our total portfolio now for us to do a diversification was like an impending thing to really avoid any further crisis which could probably have and this has probably served us very well in terms of our looking at this crisis across in the last few years as such so we have actually no plans but we are looking at growth which will now happen because since our geography is so diversified that for us to take a deep dive into all these existing geographies will give us maybe a far more easier reasons to actually grow now from here on.

**Tejas Mehta:** What would be your growth ambition over the next couple of years and how would you see the MFI cycle from this point onwards?

**HP Singh:** See the MFI cycle still has a lot to deliver in terms of its reach. It is still not peaked up as what lot of people would really say and this is what my forward-looking statement is that it is still not peaked up. It still has another 10 to 15 years before it finally peaks up, so in terms of our growth we are looking at 15% to 20% next year, but I think my own senses if I can give a forward looking statement to this it could be probably be in the same range for the next at least four to five years and this is what we are looking at.

**Tejas Mehta:** 15% to 20% kind of run rate in AUM growth right is what you are thinking. Okay got it. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Priyanka Singh from Athidhan Securities. Please go ahead.





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**Priyanka Singh:** Good morning Sir. First of all have we faced any impact of COVID third wave, any specific stage that had been impacted? So your presentation indicated a collection efficiency in Punjab which has been relatively surpassed so what are the reason for the same?

**HP Singh:** I think if you look at the third wave technically for us we took a preventive measure in terms of looking at it. The collection efficiency did hold up pretty well and in fact it is holding up even till now. The third wave is practically on a decline, but the reason why we had maybe a slight dip in the disbursement was because we wanted to be very, very cautious in terms of how we really look at the disbursement for the December particular month as such. So December and January which were the affect of the third wave. Thankfully the collection efficiency was in fact better during these times and looking at probably Punjab has overhang technically from the farmers agitation and there has been technically what you would call it overhang in terms of overdues which are still there and however looking at the collection efficiencies have increased from about 86% in December to about 91% in January, so it is a slight uptick which is happening now and they feel that in the next couple two to three months we will be able to recoup back whatever we lost during the entire session of about one and one half years of the pandemic as well as the farmers agitation which was there.

**Priyanka Singh:** Okay and are there any other states that are showing signs of delinquencies due to third wave or any other reason?

**HP Singh:** No there are not any.

**Priyanka Singh:** Sir going forward what is our plan for the Assam portfolio. Like are we looking to maintain the portfolio share or reduce it further going forward?

**HP Singh:** See it is already being reduced and we are just waiting for the state government, they have also distributed cheques for the first category of borrowers. We are now waiting for the second category of borrowers to be paid the amount from Assam Government and they are on course to probably to do that. However, there has been dip since the last one and half two years since all the crisis started in Assam. Our portfolio has already dipped from there. We started our disbursement on a very low key in Assam also just to maintain and see how the ground covers and in fact we are very hopeful that the first lines of disbursal which have happened in Assam have hold up pretty well and this will now hold up, so we will do it once this whole thing by the state government finishes up then we will start our full fledged disbursement from there, but right now yes there has been a slight dip in terms of AUM there.

**Priyanka Singh:** Lastly what were you views on disbursement of new loans? How much is post COVID?

**HP Singh:** Post COVID it has significantly been less. Earlier what we used to have we used to have close to about 40% to 50% of our loans which was new customers. Right now I think it is the range of



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about 24% so I think we are just now catching up. Once this third wave is completely finished off and which is right now the declining numbers being show now on a constant basis. I think this will come up to the levels which is pre COVID to about 40% to 50%.

**Priyanka Singh:** Got, got it. Thank you.

**Moderator:** Thank you. The next question is from the line of Mahesh MB from Kotak Securities. Please go ahead.

**Mahesh MB:** Good morning. I just had two questions. In terms of the borrowers that you have in terms of their job availability and the kind of wages that they had pre COVID and what they are generating today. If you could just kind of give us a colour as to how that has progressed as we see it in the last couple of months and secondly now that you have been speaking to the borrowers quite consistently have they also taken a fair amount of debt outside the MFI to sustain their livelihood in the last two years? Thanks.

**HP Singh:** Mahesh, I think there has practically been not that a challenge in terms of the wages earned as well as the monsoons are giving us a good agri crop as well as the other related factors which are there in the rural economy. There was that initial this thing, in the first wave of COVID which did impact the borrowers to a certain extent and that is the reason why this whole pull has really come up and the second wave which was far more hasher in terms of lockdowns as well as in terms of human lives I think post that it has been a slow and cautious approach of having coming back into the economic scenarios in the rural space and now I can probably say that in terms of the income generating capacity of our borrowers they are all now back to the pre-COVID levels as such, so that decline is not there anymore in terms of wages as well as the output of the agri economy as such on a macro level.

What was your other question? I would not have an idea technically whether they are borrowing from the other sources or such because again I think that distribution outreach, the reach which has been presented by banks, SFBS, as well as the MFIs I think it is very hard to replicate by any other, I will not be able to give you a comment on the unorganized sector because we do not have numbers, which could justify and my take on that but besides that I do not think so that there would be borrowings from the other lenders besides the financial inclusion.

**Mahesh MB:** It was just a very, very general question in the sense that things on the ground was fairly challenging in the last one year, which if they had to resort to some form of indebtedness outside of the formal financial system that is there?

**H P Singh:** I really do not agree, because the credit bureau records which we are getting up are still giving us practically the same amount of indebtedness, which we used to see close to about a year back. That is a kind of indicator which is there.



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- Mahesh MB:** Thanks.
- Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.
- Sarvesh Gupta:** Good morning Sir. Sir the first question is so your non-paying customers are 3% and I think are partially paying ones are like 6% so that is 9% of the customers and it has reduced over time but on the ground Sir any feedback that you are getting from these two categories as to what are the reasons behind continued non repayment and when can they start paying up?
- H P Singh:** My own sense is that this drop whatever has happened in terms of non-paying customers, I think could largely be an issue of may be the income generation as well as may be a forward-looking or may be a blunt statement like of the intent issues. It could also possibly be there. The reasons of bringing it down probably also attributes towards the strong teams, which we have put on the ground and the way which we have really been handling this crisis as such and we feel that going forward also I think we will be able to, let see if we go forward by that we will be able to get at least our collection efficiencies back on track which are already on track as compared to the four top states, which we said about 99%. My sense is that I think this could probably be the reasons why these nonpaying customers are still there and the partial paying customers are there.
- Aditi Singh:** Even what happens is that after crisis the credit culture does dilute so if you remember five years before this industry used to have a credit cost of less than 50 bps which gradually became 1% and now if you remember in the earlier questions Sir commented that it will be around 1.5%. There is a dilution in the overall credit discipline and culture also and that being because of whatever economic downturn we have been facing.
- Sarvesh Gupta:** Sir the other was I think spread caps which was supposed to be removed for them so what is the timelines for that and do you see that as resolving some of the problems for MFI industry as such?
- H P Singh:** If you all guys can actually tell the RBI to probably give it to us as fast as possible we will be probably pretty good but we are also waiting for that. It has been some time, but going by the initial drafts, which are there for the harmonization, we feel that it is going to be a benefit for the MFI industries for sure because if the margin caps are not there, it definitely gives us may be some room to give a bass on whatever we want to pass and may be have a risk based pricing for ourselves also rather than not having it right now so our sense is that once it comes in, I think it will probably be a far more positive to the MFI industry.
- Sarvesh Gupta:** Understood Sir. Sir any guidance on your overall gross NPA now onwards and I think last two quarters, we have been around 8% so what is the guidance for let us say the end of this year and end of next financial year?



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- H P Singh:** I cannot give a GNPA guidance because there are so many moving parts to it but I think we have are probably done whatever we have done in terms of our provisioning and everything and I think we should probably be good from here. That is the only thing which I can let you know because that is what we are also sensing and feeling across in terms of our numbers.
- Sarvesh Gupta:** Understood and some of your other subsidiaries we have seen much larger credit costs coming in this quarter so what is happening on that front and why?
- H P Singh:** It was basically on our BC model where BC was as exactly what the microfinance industry was facing, so BC is a replica for the microfinance industry what we face in SCNL or the parent company so that is the reason why it is there but the other two are probably if you look at Satin Housing it has got a GNP of about 0.34% which is far, far less than the even the industry peers all across and MSME is about 6% which is again a slight overhang of this thing. They are also back to the collection efficiency of about 98%. There is a slight impact of the RBI circular on the MSME book.
- Sarvesh Gupta:** Understood Sir. Thank you Sir and all the best.
- Moderator:** Thank you. We move on to the next question that is from the line of Balkrushna Vaghasia from Axanoun Investments. Please go ahead.
- Balkrushna Vaghasia:** Good morning Sir and congratulations for a good performance in this quarter. I have two questions. The first is how far we are from the pre COVID levels in terms of slippages or is there any new normal wherein NPA is substantially higher than pre-COVID levels?
- H P Singh:** I think you are right, we are there now knocking at the doors of pre-COVID levels, but if you look may be in entirety as such it will be FY2023 I think where we can look at may be things to probably stabilize in the fullest form.
- Balkrushna Vaghasia:** Is there any fundamental change in terms of what are the average NPA levels in comparison of what it used to be pre-COVID?
- H P Singh:** I think we are not giving any guidance on the NPA levels. We are just watching the situation. I think as we have reiterated so many times, I think we are now probably looking at the end cycle of the impact of the crisis.
- Aditi Singh:** In spite of whatever cycles we saw there is a 100 bps decline year on year in terms of the GNPA and that to while we actually faced two more waves. So things will be better with the growing base, etc., but no guidance as on date.



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**Balkrushna Vaghasia:** My second question is related to Taraashna Financial Services so basically in the Q3 it has posted Pre-tax loss of Rs.9.5 Crores so what I understand from the business model of Taraashna it is a business correspondence services, so basically we would be doing a lot of efforts on the ground to raise loans in this company so the whole purpose of adopting this business model is to avoid losses or may be to have very minimal losses in comparison of revenues so what is happening over there in terms of the credit cost and the losses that we are continuously posting?

**H P Singh:** Taraashna is a BC company and the first loss guarantee which normally we give is about close to about 5%. In terms of if you look at the comparison between the parent company of SCNL and Taraashna, SCNL has probably got a 100% provisioning to be done across over there. It is based on 5% first loss which probably is given to the partners so in terms of that of such a crisis of a huge magnitude, we have been able to sort of settle ourselves with about a Rs.10 Crores loss I think speaks very well for the ground efforts, which have been put in by Taraashna in terms of getting the money back from across over there but they had to be some loss after such a huge crisis which was there so our sense is that I think we really have been able to curb it to this kind of a level and going forward I think it will be much better and the other factor is once it gets merged with SFL which is going to happen in due course of time, I think the leverage of capital as well as the entire ecosystem of both the companies merging together with each other, I think it is going to throw up a far more positive than compared to Taraashna just being standalone looking at just pure microfinance as a model.

**Balkrushna Vaghasia:** Basically so we have around Rs.20 Crores of revenue Q3 in Taraashna so you say that Taraashna will be sourcing their loan for parent so I just want to confirm that this company is also raising loan for other like IndusInd Bank or something like that right?

**H P Singh:** Yes, it is for both for us also as well as for the others.

**Balkrushna Vaghasia:** Can you give me a rough idea like how much of this Rs.20 Crores of revenue would be attributable to in house sourcing and for the other people?

**H P Singh:** In-house is very negligible. I think it will be just about may be 2% to 3% of Satin's sourcing at the maximum of that Rs. 20 Crores.

**Balkrushna Vaghasia:** Do you think there is a risk reward ratio if this business is not particularly in these times are not in our favor because we are putting lot of efforts in getting loans and still we have to bear a lot of losses?

**H P Singh:** I told you the FLDG is just about 5% of the first loss as compared to what 100% we carry in SCNL so that is a huge advantage but the magnitude of the prices were so huge that the entire portfolio whatever it was, was down at times if you really look at it so out of that if you come out



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with a loss of about Rs.10 Crores at the maximum I think is pretty heartwarming to really look at it. That is what our statement is.

- Balkrushna Vaghasia:** Alright. That is all from my side. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Vibha Batra from Fairconnect. Please go ahead.
- Vibha Batra:** Thank you for taking my question. My question was on NPA movement can you give the gross slippages and recoveries for the quarter?
- Jugal Kataria:** We mentioned earlier we are giving the GNPA number quarter on quarter which is broadly consistent. Actually it has come down by roughly 1% in the last 12 months. The provision has been made so this is what we have shared so whatever slippages are happening means there are collections improving so there are no additional slippages happening. Broadly the NPA numbers are stable or coming down.
- Vibha Batra:** Have you taken effect of the changed RBI norms in NPA recognition?
- Jugal Kataria:** On microfinance book, there is hardly any impact of that 12<sup>th</sup> November circular. There is roughly 1% increase in MSME gross NPA number because of that and in housing NPA it is just 0.34% primarily because of that circular only.
- Vibha Batra:** What would be your exposures in terms of equity and loans to Tarashana and have you done mark to market on that exposure since Tarashana has been reporting loss?
- Jugal Kataria:** Mark-to-market we do that so mark-to-market it is being done every reporting date for all the assets that we have. That is an ongoing process so that we do on an ongoing basis.
- Vibha Batra:** What is your total exposure equity and loan?
- Jugal Kataria:** Investment is about Rs.85 odd Crores which is mentioned in our annual report also. There is also some amount of debt off hand. I do not have the numbers but we will check.
- Vibha Batra:** Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Riya Verma from Oracle Securities. Please go ahead.
- Riya Verma:** Thank you for this opportunity. I wanted to ask what are our yields in the respective segments.
- Jugal Kataria:** Yield in microfinance we have a 10% margin cap so when we price our product we keep that 10% margin while doing that which is the cost of fund plus 10% margin. We are broadly lending



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at 21.6% to 21.7% right now. This includes the cost of subdebt, etc., also that we have raised in the past and some fixed cost funding. In housing including that the blended yield is close to about a little less than 15% and MSME is broadly around 22% to 23%.

**Riya Verma:** When can we expect our margins to normalize? What kind of operating margin numbers are we even at? Also how do we see our NIMs pan out in the next quarter and the next fiscal?

**Jugal Kataria:** On one side the NIMs have improved. There is a little bit of impact of overdues as on today on the yield because generally in the sector, people do not charge interest for the delayed payments. Once that improves the yields will automatically improve which will have a result on NIM as well so on today about 8.6% is gross NPA. The moment they will come down to acceptable level so the yields will automatically improve. There is 12% margin is at least there.

**Riya Verma:** Thank you Sir. Got it.

**Moderator:** Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for their closing comments.

**Aditi Singh:** Good morning everyone. I take this opportunity to thank everyone for joining this call. I hope we were able to answer all of your questions. In case you have any more queries you can contact us. My name is Aditi Singh. I head the strategy and IR for Satin and alternatively you can also get in touch with our IR advisors, Strategic Growth Advisors, SGA. Stay safe. Stay healthy. Thank you once again. Have a great day.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Satin Creditcare Network Limited that concludes this conference call. We thank you for joining us. You may now disconnect your lines. Thank you.