

Investor Presentation  
May 2022



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Company Background

## Cautionary Statement

Any forward-looking statements about expected future events, financial and operating results of the Company are based on certain assumptions which the Company does not guarantee the fulfilment of. These statements are subject to risks and uncertainties. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry, global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, technological changes, investment and business income, cash flow projections, interest and other costs. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof. Based on revised returns filed by the company, some items have been regrouped.

# Business Update & New Initiatives



# Updates – Back to Normalcy (1/2)



## Collection Efficiency

- **Cumulative collection efficiency for Q4FY22 stood at 99.7%**
- Collection efficiency from Jul'21 to Mar'22 stood at 94.3%
- For Q4FY22, collection efficiency in top 4 states (Uttar Pradesh, Bihar, Madhya Pradesh and Punjab) stood at 101%; representing 53.7% of AUM

## Asset Quality & Provisions

- **The Company has made a cumulative on-book provision of Rs. 345 crore, as on 31<sup>st</sup> Mar'22, which is 6.7% of on-book AUM**
- Maintained adequate provisions and write offs for bad loans, **provision as per RBI stood at Rs. 306 crore**
- On-book GNPA stood at Rs. 412 crore, which is 8.0% of on-book portfolio
- New PAR addition of loans disbursed from Jul'21 onwards was 0.4%

## AUM and Disbursement

- **Consolidated AUM grew by 6% on a QoQ basis to reach Rs. 7,617 crore;** indicating we are back to growth phase
  - Standalone AUM grew QoQ at 5%; stood at Rs. 6,409 crore as on 31<sup>st</sup> Mar'22
- Seen improvement in disbursement on a MoM basis; disbursements in Mar'22 reached pre-COVID levels
- For Q4FY22, disbursement stood at Rs. 1,900 crore on consolidated basis

## Fund Raise & Liquidity

- **Successfully completed preferential allotment of Rs. 225 crore via issue of equity shares and fully convertible warrants; Rs. 75 crore received in Q4FY22**
- Successfully closed ~Rs. 120 crore Rights Issue in Aug'20, fully paid up
- Sufficient liquidity of ~Rs. 1,300 crore as on 31<sup>st</sup> Mar'22

# Updates – Back to Normalcy (2/2)



## Portfolio Re-structuring

- Re-structuring in JLG & MSME Portfolio : Restructured portfolio outstanding of Rs. 925 crore as on 31<sup>st</sup> Mar'22; reduced to 18.0% of on-book AUM as compared to 21.4% in Sep'21

## ARC

- The Company has sold 13,695 stressed loan assets of Rs. 5,315 Lakh (including principal and interest accrued) to an Asset Reconstruction Company

## Other Updates

- Book Value Per Share at Rs. 211 on consolidated basis
- SHFL profitable for two consecutive years with Nil GNPA
- SFL profitable for three consecutive years despite challenges in external environment

## Commitment to Sustainability

- Featured in “BW Disrupt” power list of Social Impact Leaders and Change Makers 2021
- SCNL’s clean energy programme is an illustration of its dedication to serve the society while being dedicated to environment
- Awarded Certificate of Excellence in Clean Energy Finance as a part of the UNFCCC’s Clean Development Program (CDM)
- Disbursed ~1,00,000 bicycles and ~3,50,000 solar products to women in India with an aim to enhance the mobility and livelihood of these women as well as to promote gender equality

## Taking Care of Satin Family

- Satin Sahyog to support families of employees, in the event of demise due to COVID-19 or accidental death – benefits include pension, children’s education and job to a family member among others
- COVID-19 insurance for Satin staff to help with medical expenses and facilitation of COVID-19 vaccination for all our employees.

# New Regulatory Framework by RBI



The RBI issued directions namely 'Reserve Bank Of India (Regulatory Framework for Microfinance) Directions, 2022 on 14<sup>th</sup> March'22. The directions are applicable from 01<sup>st</sup> April'22.

## Significance of the new Regulations

### Uniform regulatory platform

- Changes are made to put all microfinance lenders including banks, small finance banks, NBFC and not for-profit companies to bring all on a level playing field with NBFC-MFIs

### Reducing the pressure

- The rule of a 50% fixed obligation to income ratio being applied uniformly to all categories of borrowers will reduce the pressure, lower delinquency and lower credit costs for the industry

### Risk-based pricing

- **The removal of the interest rate cap would allow the lenders to go for risk-based pricing**

### Increasing the outreach

- Raising the household income threshold will help MFIs reach many more households. With a level playing field and increased competition, the end customers will benefit

### Credit history

- Lending rate henceforth may be a little higher for new borrowers without credit history, while borrowers with robust repayment track record may enjoy softer rates

### Over-indebtedness

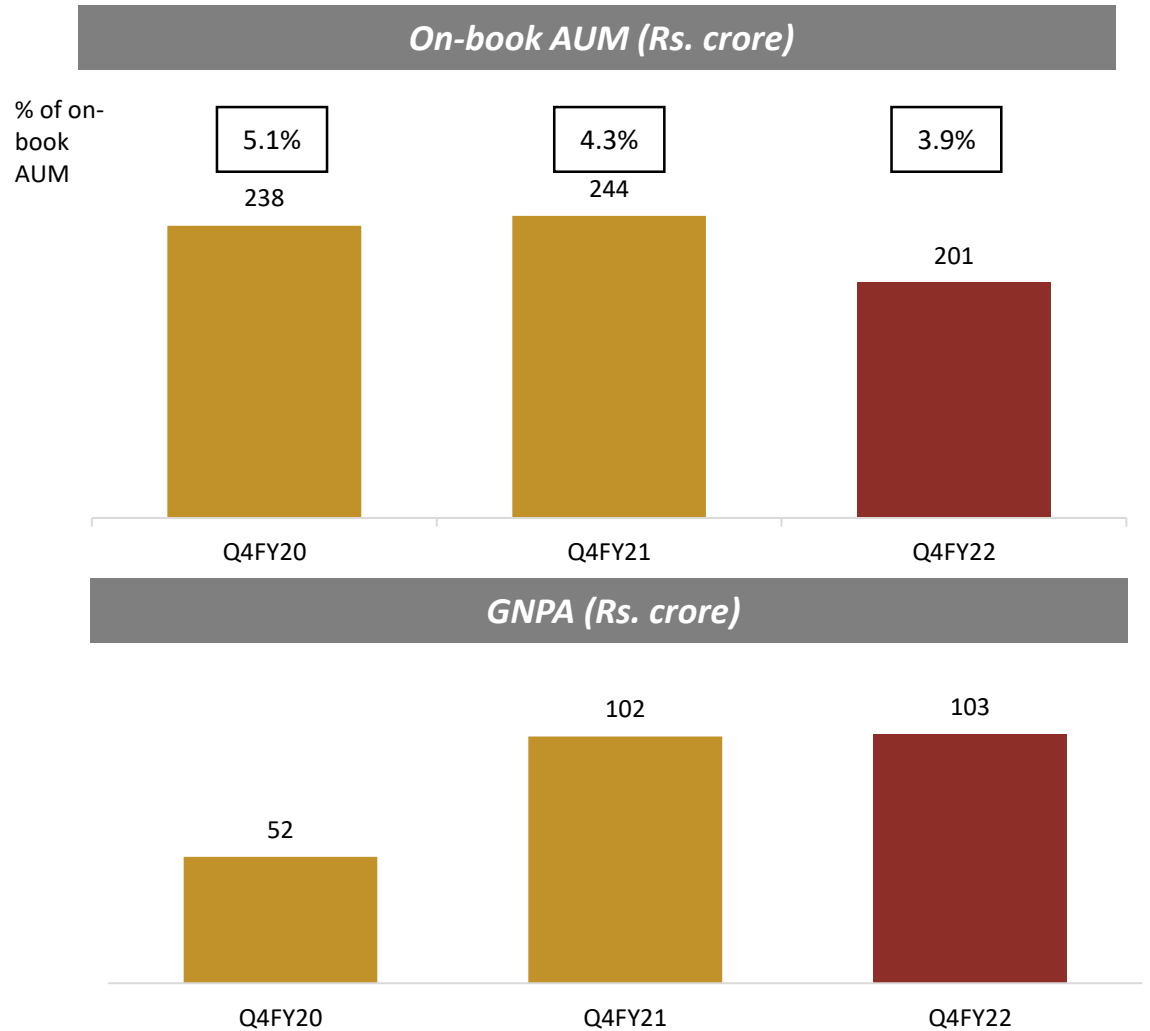
- The harmonized regulations will address concerns related to the over-indebtedness of microfinance borrowers



# Update on Assam Portfolio



- Assam cabinet approved relief to around 11 lacs microfinance borrowers (maximum up to Rs. 25,000 per borrower), who are making regular payments to banks (category 1)
- The Bill is positive for the MFI Industry and the Company is expecting significant recoveries from the same
- The Assam Micro Finance Institutions Relief (AMFIR) project's second phase has begun, pushing borrowers to spend their money wisely in order to qualify for future loans.
  - The government is taking steps to address microfinance debts, with the intention of initially repaying 11-12 lakh loans which will be selected based on their payment history
  - This round of the initiative will reward borrowers who have been paying their loans on schedule with a one-time incentive of Rs 25,000 or outstanding balance, whichever is less.
    - This is an incentive for the borrowers to continue maintaining a good credit score
  - Borrowers who have not been able to repay their Micro Finance Loans will be able to register and file an appeal via a new website/portal and the State Government will assist them in repaying their debts
- Relief to Category 1 borrowers has been a successful initiative by the Assam cabinet and is about to be completed
- Category 2 preparations have begun and the SRO's viz MFIN are engaging with MFI's to collate the data of beneficiaries

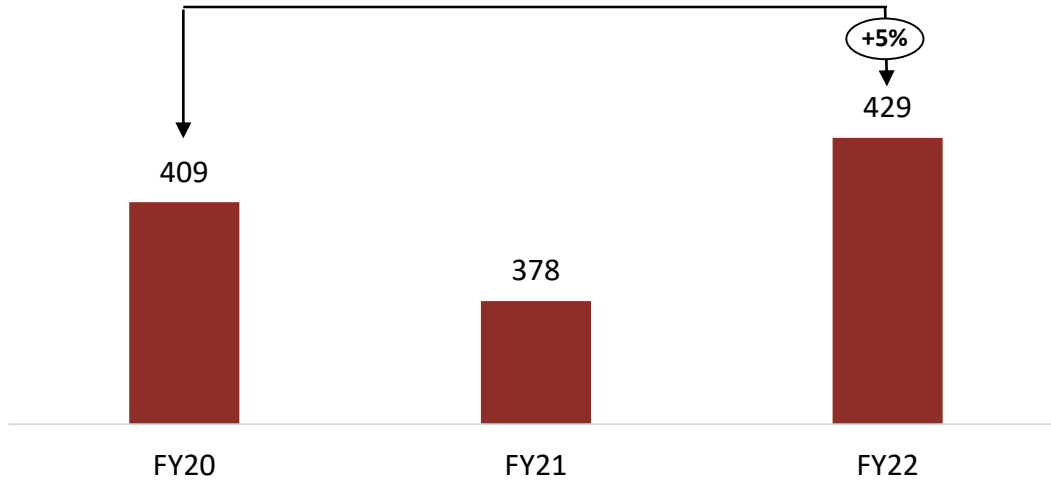


- The Company has disbursed 7,874 loans amounting to ~Rs. 22 crore in FY22; of this only 0.1% have slipped in PAR

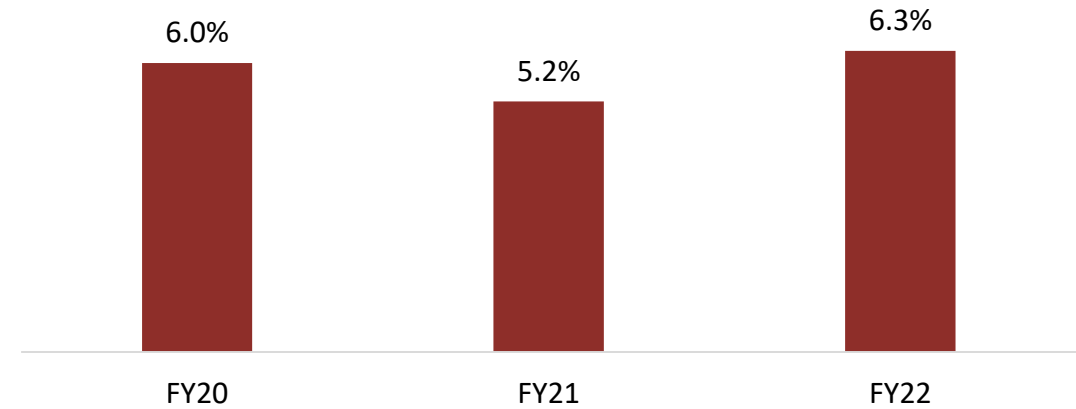
# Explaining the Elevated Cost Ratios



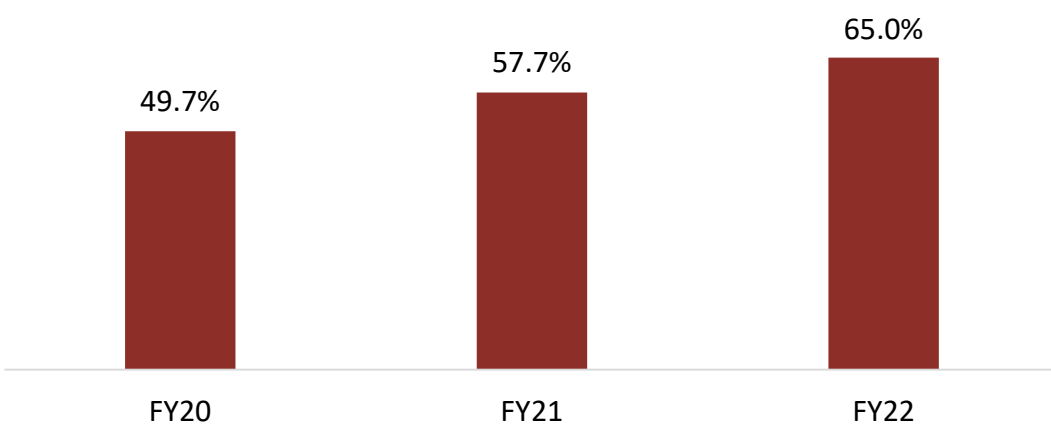
### Opex (Rs. crore)



### Operating Expense ratio (%)



### Cost to Income ratio (%)



- Higher Cost ratios are on account of lower business volumes leading to lower base
- With increase in AUM and income levels, % will come down going forward
- Opex has increased by 5% to Rs. 429 crore in FY22 as compared to Rs. 409 crore in FY20 (pre-COVID levels) on an absolute basis
  - Opex in FY21 was lower on account of COVID-19 pandemic



# Business Trends...



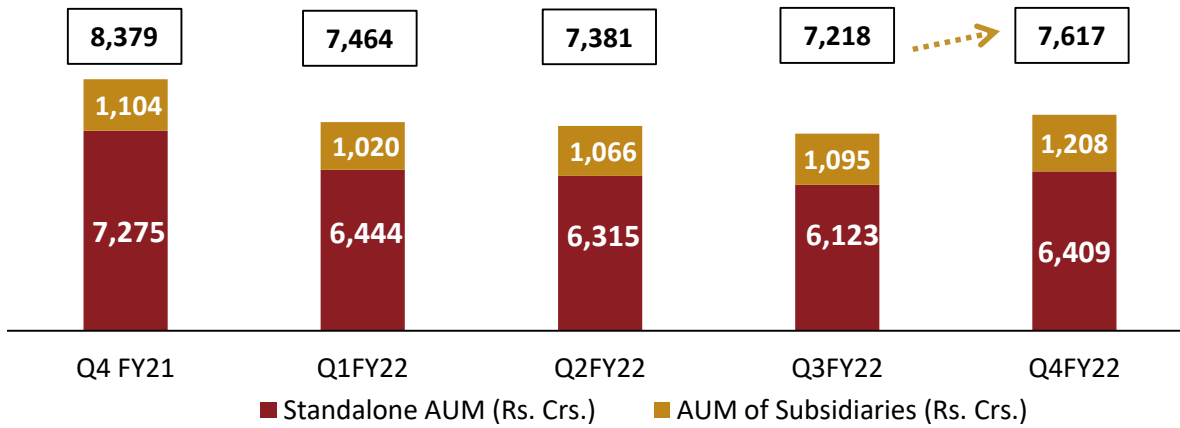
Rs. **7,617** crore  
AUM\*

Rs. **1,900** crore  
DISBURSEMENT in Q4FY22

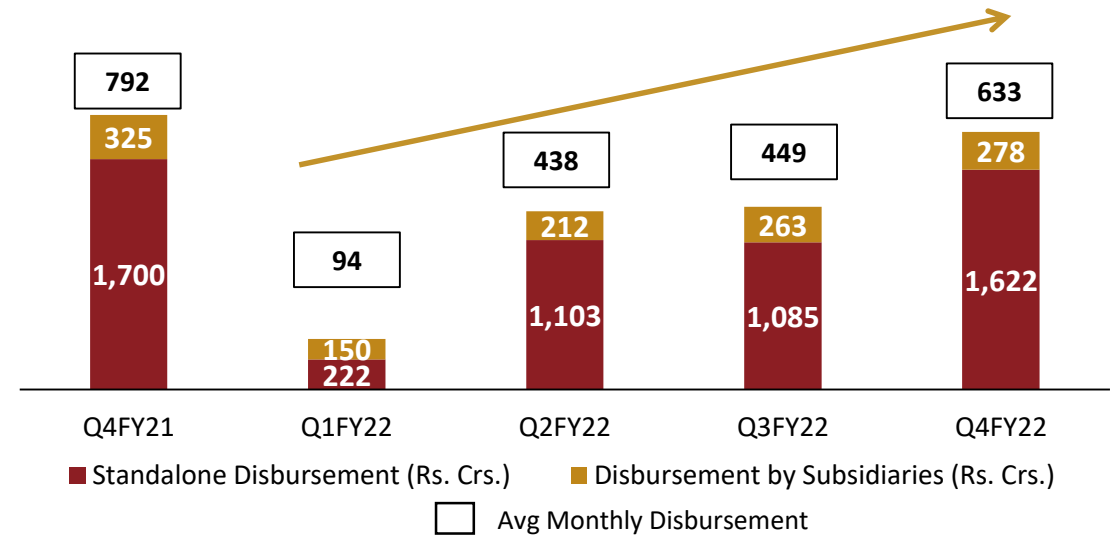
**28** Lacs  
ACTIVE CUSTOMERS

**1,224**  
NO. OF BRANCHES

*Asset under Management Trends (Q-o-Q)*



*Disbursement Trends (Q-o-Q)*



## Standalone Information:

- GLP stood at Rs. 6,409 crore; grew by 5% on QoQ basis
- Growth started from Q3FY22 onwards
- Disbursement for Q4FY22 stood at Rs. 1,622 crore
- Focus on disbursement to existing clients on account of COVID-19 pandemic; going forward will also do new client acquisition

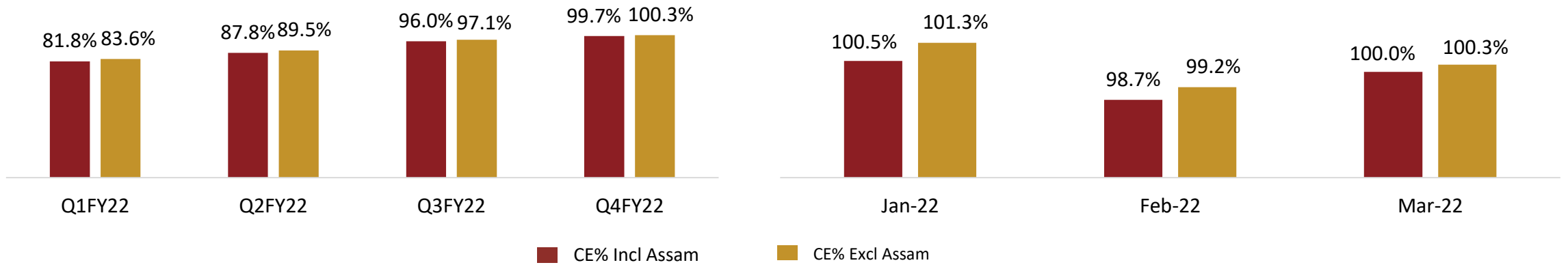
# ...Trends in Collection Efficiency



## Collection Efficiency Trends

### Quarter on Quarter

### Month on Month



## Collection Efficiency Trends in Key States – 54% of AUM

States	CE % (Incl. Arrears)						
	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Uttar Pradesh	96%	106%	94%	98%	104%	101%	102%
Bihar	96%	118%	89%	99%	105%	103%	104%
Madhya Pradesh	92%	102%	94%	96%	101%	100%	101%
Punjab	83%	94%	87%	86%	92%	93%	94%
<b>Total</b>	<b>93%</b>	<b>107%</b>	<b>92%</b>	<b>97%</b>	<b>103%</b>	<b>100%</b>	<b>101%</b>

Note: Data on standalone basis for JLG on-book portfolio

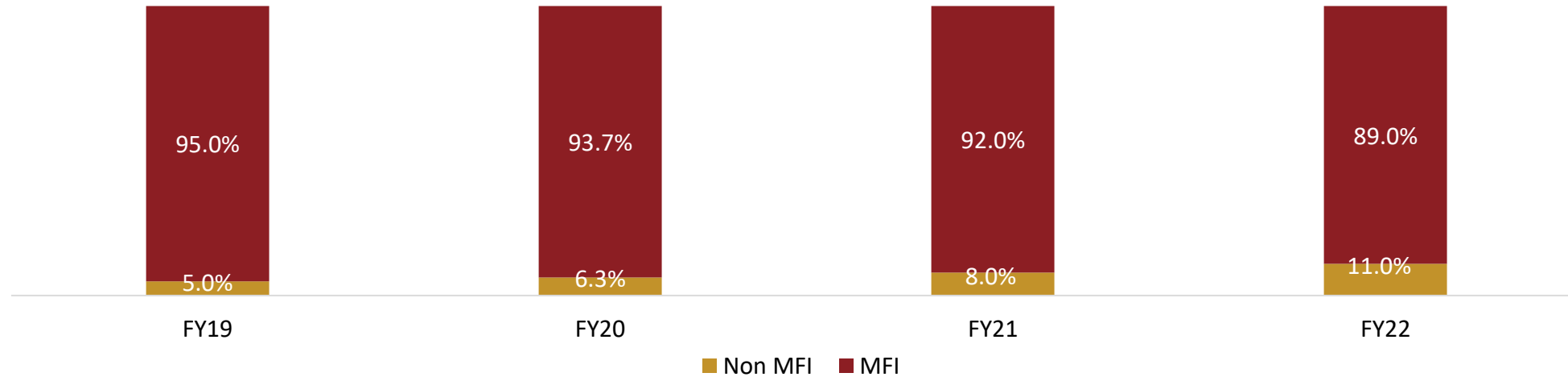
# Diversifying to Secured Assets – Future Upside Potential



## Non-MFI Portfolio

- Non-MFI book of the Company includes the MSME and Housing Finance business
  - MSME Book grew from Rs. 272 crore in FY19 to Rs. 519 crore in FY22 (i.e. 90% growth)
  - Housing Finance Book grew from Rs. 79 crore in FY19 to Rs. 318 crore in FY22 (i.e. 302% growth)
  - The strategy to diversify portfolio is yielding results. **The value created is not reflected in financials**

## Non-MFI Portfolio



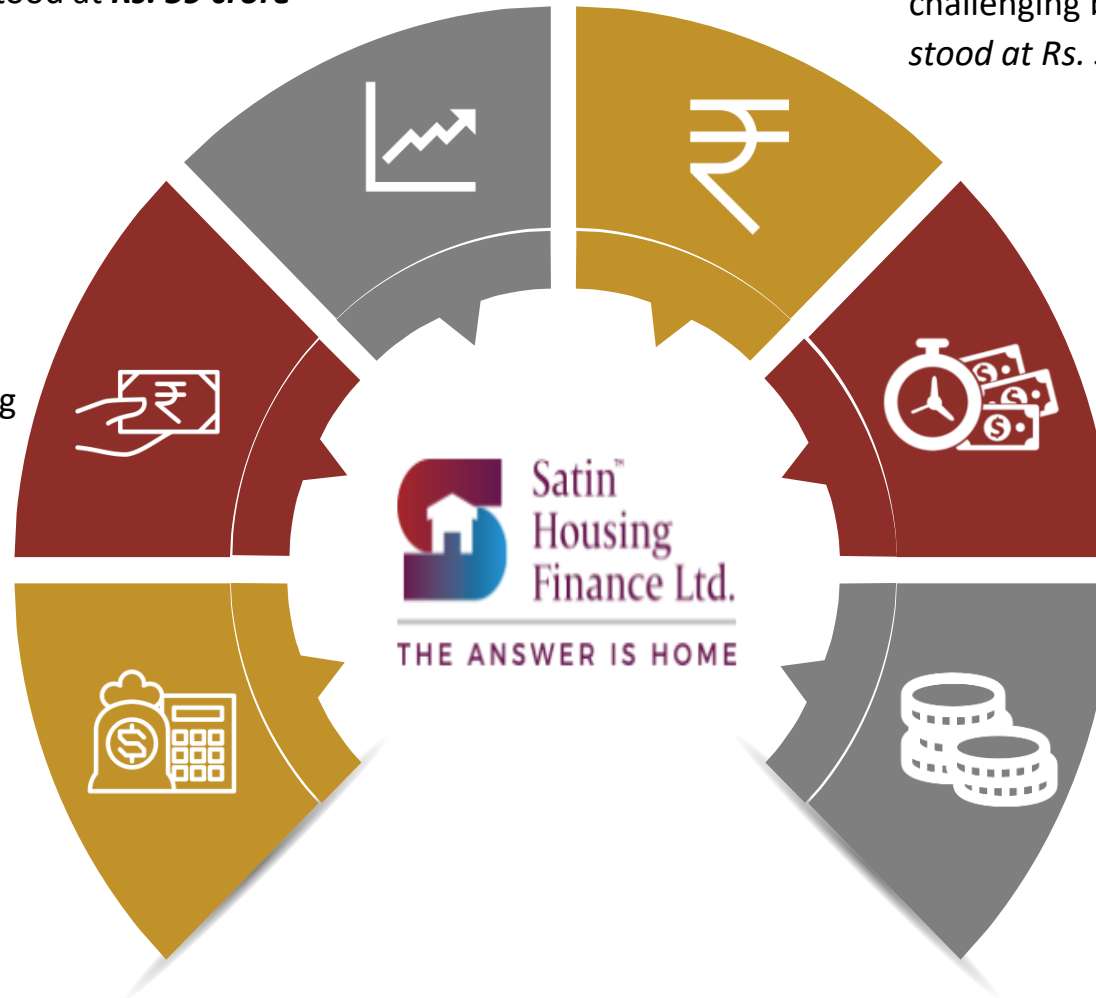
# Update on SHFL – Nil GNPA since inception



## Satin Housing Finance Limited

AUM grew by 41% in Q4FY22 YoY  
Q4FY22 disbursement stood at **Rs. 59 crore**

SHFL had 2 successive profitable years despite  
challenging business environment, *PAT for FY 21-22*  
*stood at Rs. 3.0 crore*



No Restructuring done

Maintained Nil GNPA during  
4.5 years of operations

Healthy **CRAR 60.19%**  
No ALM mismatch

No willful default or fraud since  
inception

Eligible for SARFAESI enforcement

15 lenders including NHB refinance  
Improvement in Cost of Funds



## Taraashna Financial Services Limited

- ✓ Collection efficiency for Mar'22 stood at 101%
- ✓ Disbursement stood at Rs. 181 crore for Q4FY22
- ✓ Sourcing business for SCNL & SFL under Nai Roshni



## Satin Finserv Limited

- ✓ AUM growth of 27% YoY in Q4FY22
- ✓ Healthy CRAR of 64.0%
- ✓ Cumulative collection efficiency in Q4FY22 stood at 96%
- ✓ GNPA of 4.9%; ECL of 3.3%
- ✓ 6% loans restructured

### Scheme of Arrangement\*

- *The Board of Directors of two wholly owned subsidiaries of the Company namely, TFSL and SFL, in their respective meetings, have considered and approved a draft Scheme of Arrangement for Amalgamation of TFSL ("Transferor Company") with SFL ("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.*
- *Consequently, the first motion application has been filed before Hon'ble NCLT, Chandigarh Bench after obtaining requisite NOCs from shareholders and creditors of TFSL and SFL. The said first motion application is reserved and allowed by the said Hon'ble NCLT on hearing dated April 06, 2022."*

# Objective Behind Amalgamation



The combined entity would be able to efficiently use the capital invested in the two entities and leverage the same

Currently the revenue sharing arrangement between TFSL and SFL is taxable. In the combined entity, tax benefit will accrue to the business

TFSL has significantly wider distribution reach than SFL. The combined entity can leverage on this distribution

There will be cost rationalization post merger

Post merger SFL can introduce new products

The merged entity will focus on both own book lending and BC business

# Overview







The history of SCNL goes back to **1990 when it started providing finance to the shopkeepers who were deprived of formal financing**



Today, after three decades of rich experience, **SCNL has emerged as one of the leading and trusted Indian microfinance companies**



Headquartered in Gurugram, Haryana, **the Company drives inclusive growth by offering financial tools that help create opportunities**



Through its financial solutions outside the periphery of traditional channels of finance, **the Company empowers the unserved and the underserved sections of the society**

Key  
Performance Highlights



# Corporate Overview Standalone – FY22



Rs. **4,031** crore

DISBURSEMENT

**26.4** Lacs

LOAN ACCOUNTS  
OUTSTANDING



**23**

STATES & UT's

**1,029**

BRANCHES

**9.6** Lacs

NO. OF LOANS DISBURSED



Rs. **6,409** crore

AUM



Rs. **40** crore

PROFIT AFTER TAX

**27.8%**

CAPITAL ADEQUACY

**0.5%**

RETURN ON ASSETS



Rs. **42,000**

AVERAGE TICKET SIZE\*

**2.6%**

RETURN ON EQUITY

# Corporate Overview Consolidated – FY22



Rs. **1,381** crore

REVENUE

**28** Lacs

CLIENTS



**1,224**

BRANCHES



Rs. **755** crore

NET INTEREST INCOME



Rs. **7,617** crore

AUM



**23**

STATES & UT's



**0.3%**

RETURN ON ASSETS



**1.3%**

RETURN ON EQUITY

Rs. **21** crore

PROFIT AFTER TAX



What makes Satin a  
Compelling Investment Story



# What makes Satin a Compelling Investment Story



# 1. Differentiated Product Offerings



	SCNL	Business Correspondent Services	Housing Finance	SME
Product features as on Mar'22	MFI <sup>(1)</sup>	Taraashna Financial Services Limited <sup>(2)</sup>	Satin Housing Finance Limited <sup>(3)</sup>	Satin Finserv Limited (SFL) <sup>(4)</sup>
Start Date	May'08 (JLG)	May'12	Feb'18	Mar'19
Ticket Size Range	Upto Rs. 50,000	Upto Rs. 50,000 (JLG - Microfinance)	Rs. 100,000 – 4,000,000	Rs. 100,000 – 100,000,000
Tenure	6 - 24 months	12 - 24 months	24 - 240 months	12 - 120 months
Frequency of Collection	Bi-Weekly	Bi-Weekly	Monthly	Monthly/Quarterly
No. of States/UTs	23	6	4	9
No. of Branches	1,028*	158	21	16
AUM (Rs. crore)	6,057 <sup>(5)</sup>	724	318	166
No. of loan accounts	26,42,605	3,49,942	3,585	4,262
Avg. Ticket Size for Q4FY22	Rs. 40,000** (JLG)	Rs. 37,000	Rs. 9,93,000	Rs. 2,09,100 (Retail) <sup>(6)</sup>

## Notes

(1) Includes MFI Lending (loans under JLG model, IndusInd BC and water & sanitation) and Product Financing (Loans for solar lamps, cycles)

(2) TFSL acquisition is effective Sep 1, 2016

(3) Satin Housing Finance Ltd was incorporated on April 17, 2017

(4) SFL was incorporated on August 10, 2018

(5) SCNL also has MSME portfolio of Rs. 352 crore other than MFI portfolio

(6) Average Ticket Size of Retail Financing is Rs. 2.09 lacs. Overall, the average ticket size of SFL is Rs. 3.90 lacs

\*There were 1,028 branches with Microfinance operations & 22 branches with MSME operations. Out of the 22 MSME branches, 21 of them also had microfinance operations & 1 was unique

\*\*Focus on repeat clients with established credit history



## Satin finances product purchase of solar lamps, bicycles, consumer durables etc. and grants loan for safe water and sanitation facilities

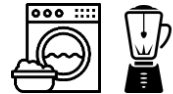
Financing ~Rs. 83 crore during FY22, business started picking up

### Enriching Lives



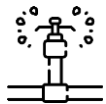
#### Green Loans

*7,478 loans disbursed*



#### Consumer Durables

*18,918 loans disbursed*



#### Water & Sanitation

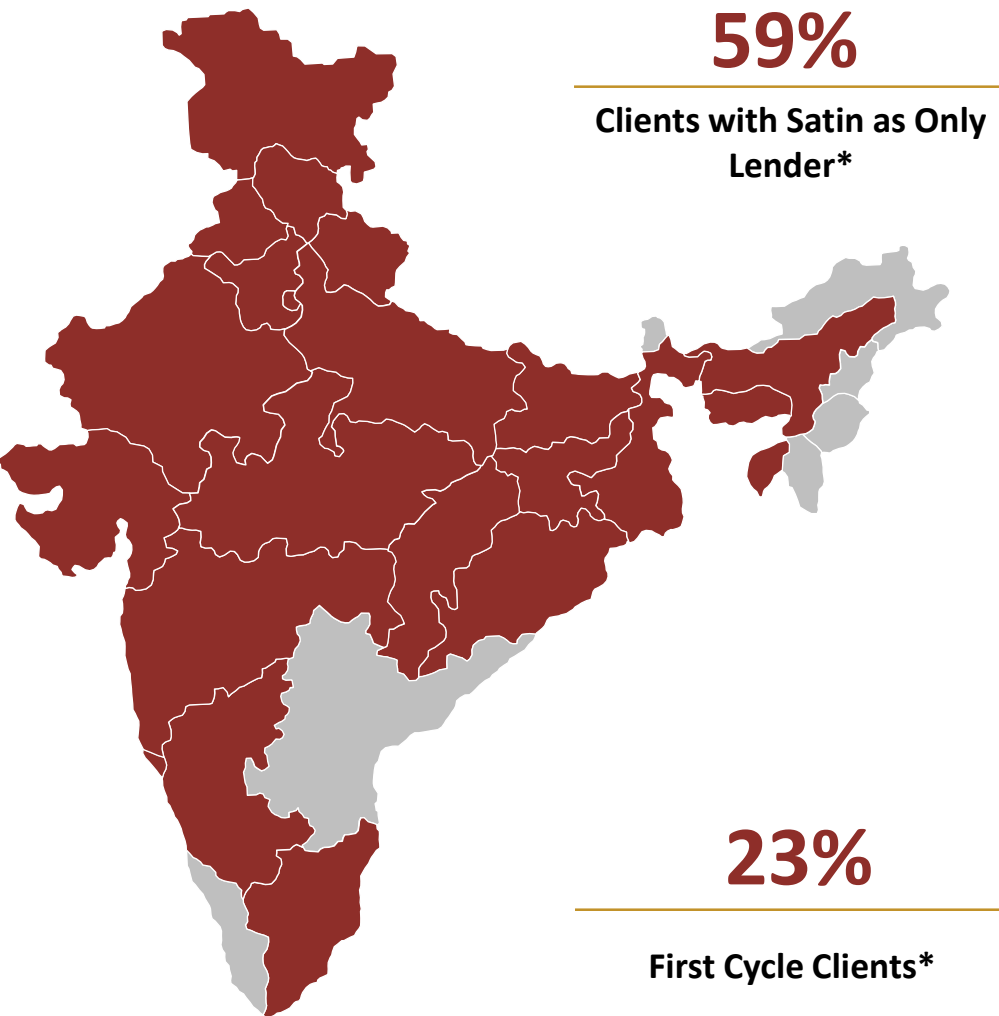
*37,031 loans disbursed*

### Benefits

- Enhances the productivity and income generating potential of its clients
- Enables the Company to leverage its rural outreach
- Capitalizes on the Company's existing network and client base
- No incremental cost, thus the income directly adds up to the bottom line

# 2. Diversified Geographical Presence

...serving 28 lacs clients across India



**59%**

Clients with Satin as Only Lender\*

**28 Lacs**

No. of Active Clients

**30 Lacs**

No. of Loan Accounts

**404**

No. of Districts

**90,100**

No. of Villages

**76**

No. of Regional Offices

**3.2 Lacs**

No. of Centres

**23%**

First Cycle Clients\*

**8,774**

No. of Loan Officers

**12,705**

No. of Employees

The pictorial representation of Map of India does not purport to be the Political Map of India

*On Consolidated basis*  
*\*at the time of disbursement, data is for JLG Standalone only. Focus on existing clients with established credit history*

# ...Leading to increasing footprints



1. Increasing exposure to Newer states

2. Reducing exposure to traditional regions

3. Foraying into New Geographies

States	% of total AUM		AUM FY22 (Rs. crore)
	FY16	FY22	
UTTAR PRADESH	40.9%	23.7%	1,804
BIHAR	17.7%	14.4%	1,100
MADHYA PRADESH	15.5%	8.3%	633
PUNJAB	12.7%	7.3%	557
UTTARAKHAND	3.2%	1.6%	120
JAMMU & KASHMIR	0.1%	0.1%	4
	<b>90.2%</b>	<b>55.4%</b>	<b>4,218</b>

States	% of total AUM		AUM FY22 (Rs. crore)
	FY16	FY22	
WEST BENGAL	0.1%	6.3%	477
DELHI & NCR	2.0%	5.6%	426
RAJASTHAN	2.3%	5.6%	425
GUJARAT	0.5%	4.0%	306
HARYANA	1.9%	3.6%	278
JHARKHAND	0.7%	2.3%	172
MAHARASHTRA	1.6%	2.5%	187
CHHATTISGARH	0.6%	1.3%	97
HIMACHAL PRADESH	0.0%	0.0%	3
	<b>9.7%</b>	<b>31.1%</b>	<b>2,371</b>

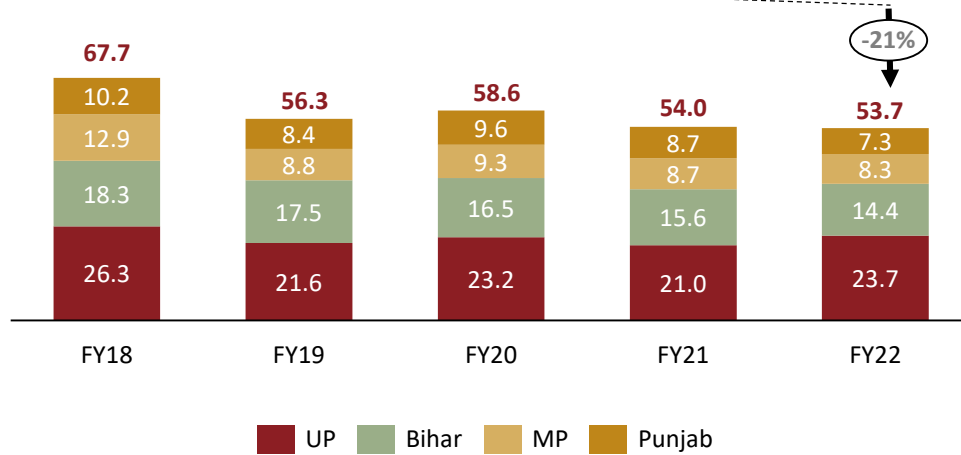
States	% of total AUM		AUM FY22 (Rs. crore)
	FY16	FY22	
ASSAM	0.0%	3.7%	279
TAMIL NADU	0.0%	3.6%	277
ORRISA	0.0%	3.6%	274
KARNATAKA	0.0%	1.5%	118
TRIPURA	0.0%	0.9%	66
PONDICHERRY	0.0%	0.1%	8
MEGHALAYA	0.0%	0.0%	3
SIKKIM	0.0%	0.0%	2
	<b>0.0%</b>	<b>13.5%</b>	<b>1,027</b>

# ...And de-risking geographical concentration

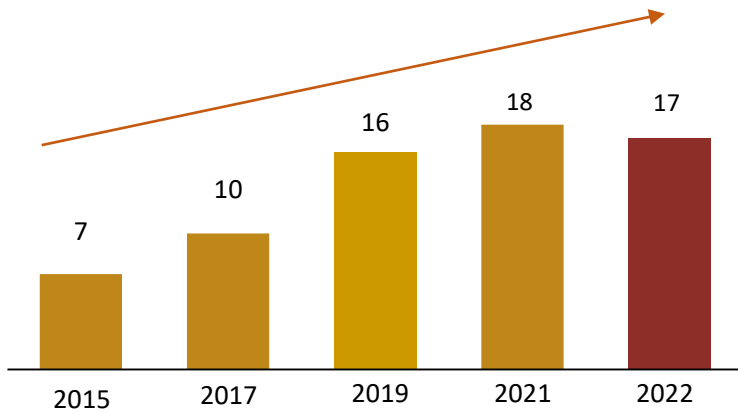
To remain a PAN India Player



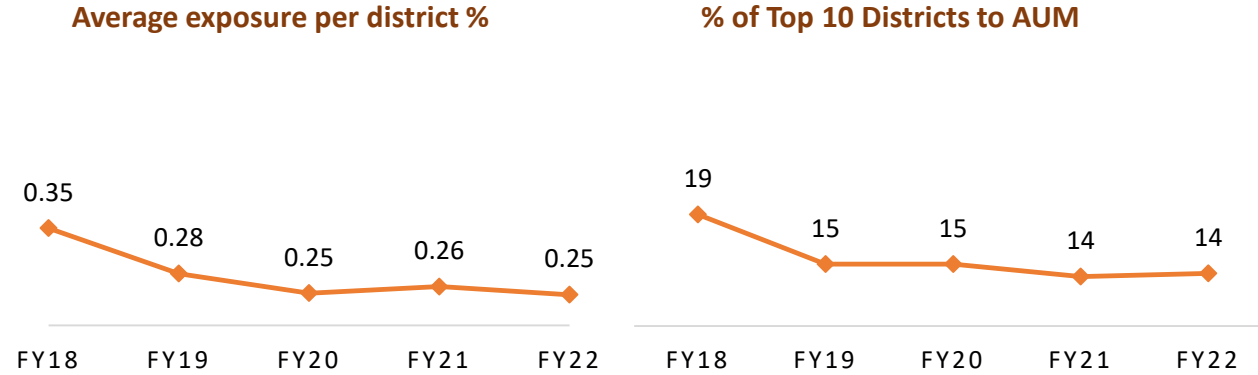
## Share of Top 4 States Reduced from 68% to 54%



## Number of States contributing more than 1% to Total AUM

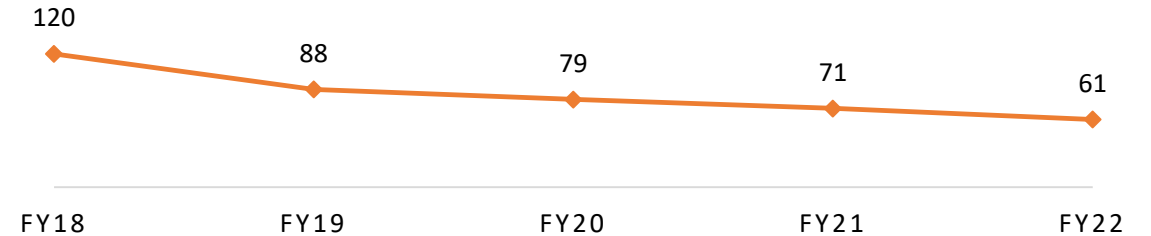


## Limiting Exposure per district



Particulars	FY18	FY19	FY20	FY21	FY22
No. of Districts - JLG	306	359	397	388	404
% of Districts with <1% exposure	92.5%	96.4%	96.5%	95.8%	97.3%
% of Districts with >2%	1.0%	0.6%	0.5%	0.5%	0.3%

## % of Top 10 Districts to Network



# 3. A Difference Powered by Technological Prowess & Processes...



## Game Changing Digital Transformation Technology

- Online real-time system
- Last Mile Connectivity on Tabs
- **Greener** (paperless environment)
- Event based mapping of Geo Location & Tracking Penetration
- Instant Bank Account Verification
- Core Accounting & Financial System
- Cashless Disbursement @100% branches
- API centric multiple cashless collection processing in the system (AEPS, Debit Card, Net Banking, UPI, QR Code)
- Intuitive Real-time Dashboards
- Real-time CB Checks
- Features enabling brand recall value (SMS, OTP, QR Code)
- Cross sell disbursal module with real-time partner inventory tracking
- HR Management Module (employee creation, transfer, attendance, exit, leave management etc.)
- Multiple channels of cashless processing in system (AEPS, Debit Card, QR Code, UPI, Net Banking)

## Turnaround Time : Customer Acquisition to Disbursement Journey reduced from 18 days to few minutes

- DMS (digitization of customer documents on cloud storage)
- Employee Fraud Detection & Recovery Module
- Lender Fund Allocation Module
- Funder Borrowing Module
- BC subsidiary also using the same technology & leveraging the same benefits
- Centralized Shared Service centre introduced within SATIN; to create unified support model across Business Reporting / End User Applications Support & Managed Infrastructure
- Death case and Insurance Management Module
- Customer Service Application for clients
- Developed in-house software for subsidiaries
- In-house Customer Service Application for MFI business

## Gold Standard Information Security. ISO 27001:2013 Certified

- Our company is the first MFI to be certified with ISO 27001:2013, which affirms the prevalence of robust ISMS specifying the requirements for establishing, implementing, maintaining and continually improving ISMS within the organization
- This certification indicates SATIN has integrated a robust ISMS in its business processes & exemplifies that information security and client confidentiality are part of the cornerstones of SATIN's strategic objectives

# 4. Robust Underwriting & Full-fledged in-house Internal Audit



## Robust Underwriting



### Real-time Credit Bureau checks

to track loan history of the prospective clients, Credit Bureau scorecard for individual clients for better screening



### Rotating Responsibility

Shuffling CSOs every 12 months and transferring every 21 months to reduce human biases. Risk Officers visit clients regularly



### Centralized Share Services

KYC verification, ensuring uniform processes



### Geo-tagging

of 100% branches and centers and ~99% clients' houses



### Account Verification & Cashless Disbursement

via penny drop verification along with strict KYC compliance, also cashless disbursement eliminates the cash handling risk

## Full-fledged in-house Internal Audit

**106**

Zonal Auditors &  
Regional Auditors

**Feedback based**

Compliance Audit

**100% Digital**

on Audit Reports and Findings

**3,916 Audits**

completed in FY22

**Quarterly Audit**

Regional Office, Branch & Social  
Performance Management

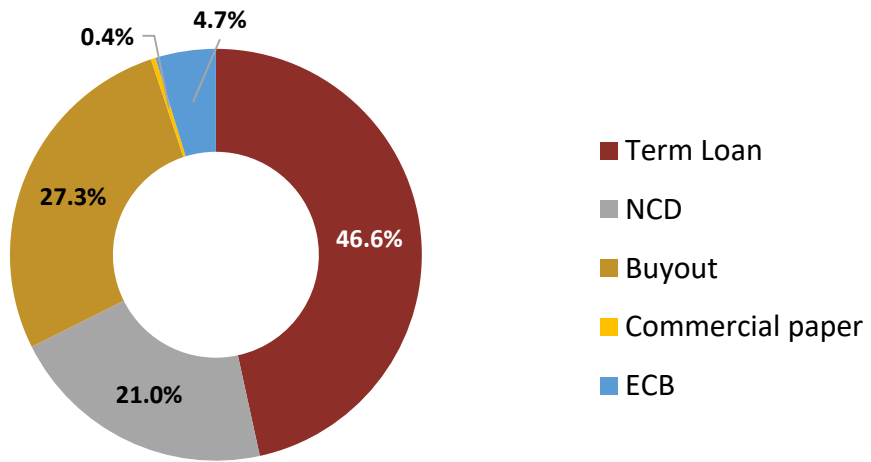
**18 man-days**

field audit per auditor per month

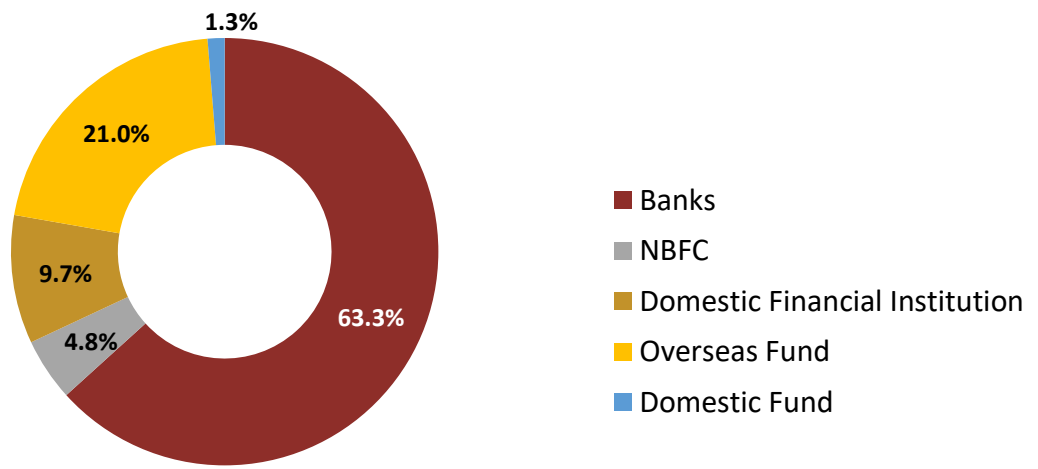
# 5. We have a well-diversified Liability Profile... ...insulated from Capital Market Turbulence



## Product-wise Mar'22



## Lender-wise Mar'22



## Large Lender Base 56 Active Lenders

Top 10 Lending Partners	% Share as on 31 <sup>st</sup> Mar'22
Bank of Baroda	10%
Blue Orchard Microfinance Fund	7%
IDFC First Bank	7%
Bandhan Bank	7%
Bank of Maharashtra	6%
State Bank of India	6%
Indian Bank	5%
Standard Chartered Bank	5%
AAV S.A.R.L.	4%
NABARD	4%
<b>Total of Top 10 lenders</b>	<b>60%</b>

### Credit Rating

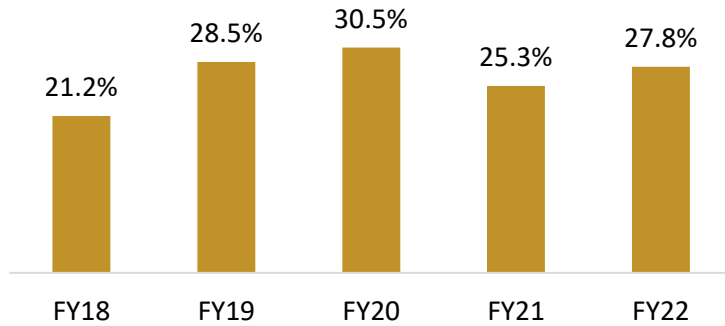
- Bank Loans (Long term): "A-" by CARE
- Non-Convertible Debentures: "A-" by CARE, ICRA and Brickwork
- Short-Term ratings: "A1" by CARE and ICRA



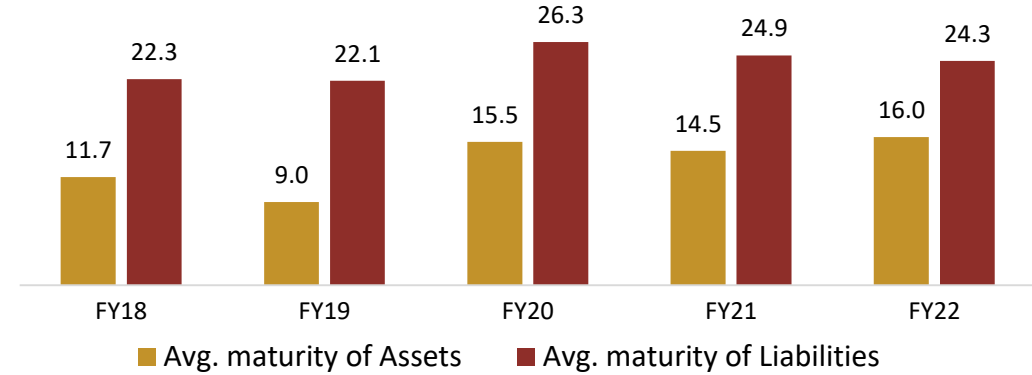
# 6. Strong Capitalization with Ample Liquidity



## Healthy CRAR to Support Growth Opportunities



## Benefit of Positive ALM Continues



Static ALM as on 31 <sup>st</sup> Mar'22 (Rs. crore)	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Total
<b>Inflows</b>							
Liquidity at the beginning of month*	1,291	1,328	1,518	1,368	1,497	1,629	1,291
Principal - Loan portfolio	289	332	318	291	283	300	1,813
Interest - Loan portfolio	86	81	75	67	66	60	435
<b>Total (A)</b>	<b>1,665</b>	<b>1,741</b>	<b>1,911</b>	<b>1,726</b>	<b>1,847</b>	<b>1,989</b>	<b>3,539</b>
<b>Outflows</b>							
Principal repayments	301	194	479	203	179	268	1,625
Interest repayments	36	29	64	26	39	41	235
<b>Total (B)</b>	<b>337</b>	<b>223</b>	<b>543</b>	<b>229</b>	<b>218</b>	<b>309</b>	<b>1,859</b>
<b>Cumulative Mismatch (A-B)</b>	<b>1,328</b>	<b>1,518</b>	<b>1,368</b>	<b>1,497</b>	<b>1,629</b>	<b>1,680</b>	<b>1,680</b>

\*Excluding margin money deposits Rs 431 crore lien with Lenders and undrawn sanction in hand Rs. 269 crore as on Mar'22

# Diversification with Allied Product Offerings



## Taraashna Financial Services Ltd - TFSL

- » Acting as a business correspondent, TFSL provides credit to clients in rural and semi-urban areas on behalf of partner banks and NBFCs
- » TFSL has a low-risk business model which is highly capital efficient
- » The cashless disbursement percentage has reached to ~100%; ~7% collection through cashless mode
- » AUM stood at Rs. 724 crore, with presence across 6 states
- » The Company operates through 158 branches, and has around 3.5 lacs clients
- » TFSL now sources business for SCNL & SFL under Nai Roshni

## Satin Housing Finance Ltd (SHFL)

- » 100% retail book comprising of:
  - » Affordable home loans – 68%
  - » Loan against property – 32%
- » Excellent portfolio quality since inception
- » Clients belonging to Middle and Low-Income Groups in peripherals of Tier II and below cities
- » CRAR of 60.19% and gearing of 2.07x. Total equity stands at Rs. 101.2 crore
- » Total AUM Rs. 318 crore including DA of Rs. 26 crore
- » Two consecutive profitable years despite challenging business environment
- » Standalone rating of CARE BBB (Stable)

## Satin Finserv Limited (SFL)

- » Incorporated in Aug'18, got license from RBI to start business in Jan'19
- » Business focus on secured retail MSME lending
- » Standalone credit rating of CARE BBB- (Stable)
- » AUM of Rs. 166 crore
- » CRAR for FY22 is 64.0%; equity stands at Rs. 108 crore
- » 16 Branches across 9 states with 4,262 active loan clients
- » SFL has migrated to in-house software
- » SFL profitable for three consecutive years despite challenges in external environment

# Successfully Navigated Crisis During Legacy of 30 Years



## Learnings from Demonetization

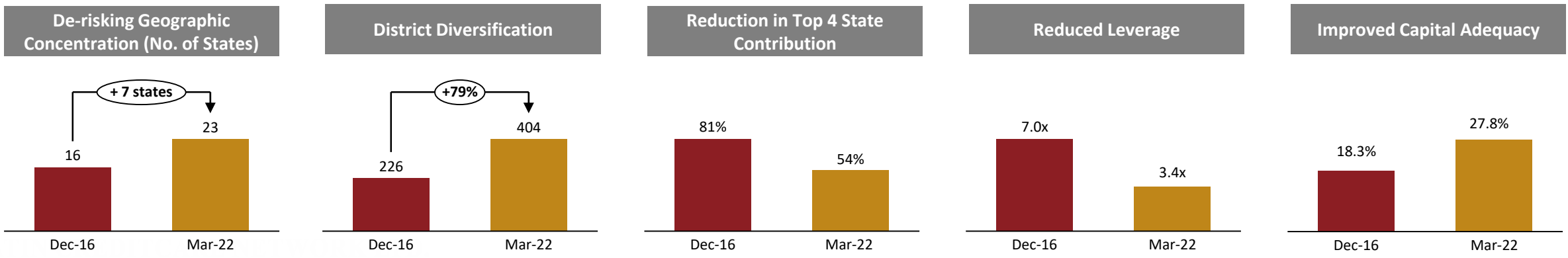
- ❑ **Implementation of best-in-class technology**
  - Reduced TAT
  - Real-time data
  - Enhanced Productivity
  - Improved monitoring and control
- ❑ **Diversifying Geographical Presence**
  - Increasing exposure to Newer states
  - 97.3% of Districts with <1% exposure
  - UP share brought down from 40.9% in Dec'16 to 23.7% in Mar'22

- ❑ **Strong Capitalization with Ample Liquidity**
  - Capital Adequacy has improved from 18.3% in 2016 to 27.8% currently
  - Raised Rs 860 crore equity capital
  - Liquidity of around Rs 1,300 crore
- ❑ **Strategic Changes**
  - Diversified out of unsecured MFI portfolio by floating subsidiaries in housing and MSME finance
  - Changed center meeting to bi-weekly
  - Process re-engineering
  - Strengthened management team

## Learnings from COVID-19

- ❑ **Digital Payment Ecosystem**
  - "Customer Service App" launched
  - Contactless repayments via popular apps like Google pay, Paytm, Phonepe etc.
  - Addition of Satin on BBPS (Bharat Bill Payment System)
  - Payment link on the Satin website
  - QR code on customer loan card
  - First in the industry to launch UPI 2.0 (auto debit)
  - Dedicated manpower for collections

- ❑ **Fund Raising**
  - First MFI to successfully close an equity round during the peak of pandemic; raised ~Rs. 120 crore vis Rights Issue in Aug'20, fully paid up as of Sep'21
  - Raised ~Rs. 225 crore through preferential issue from Promoter Group & Non Promoter Group; received Rs. 75 crore in Q4FY22
- ❑ **Amalgamation of Subsidiaries**
  - The Board of Directors of two wholly owned subsidiaries of the Company namely, TFSL and SFL have considered the Amalgamation of Subsidiaries
  - Combined entity would be able to efficiently use the capital invested in the two entities and leverage the same
  - The merged entity will focus on both on book lending and BC business

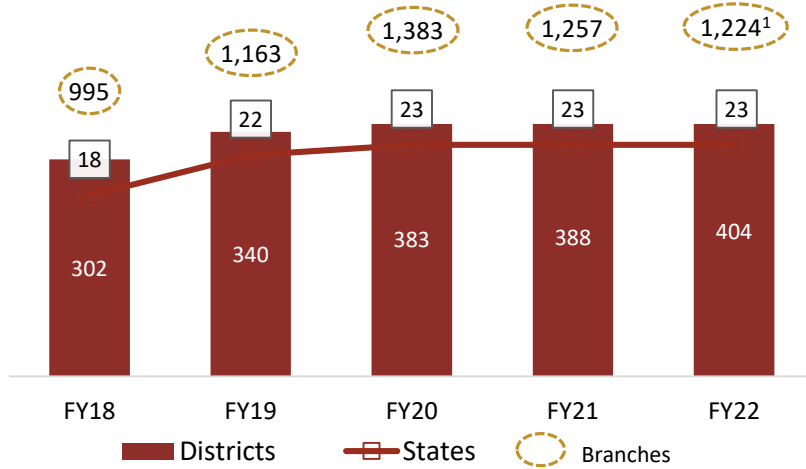


# Key Financial & Operational Metrics

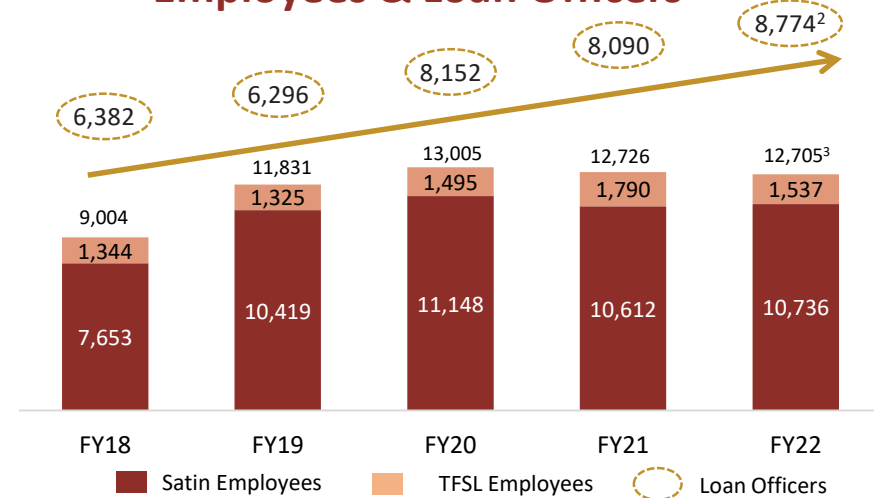




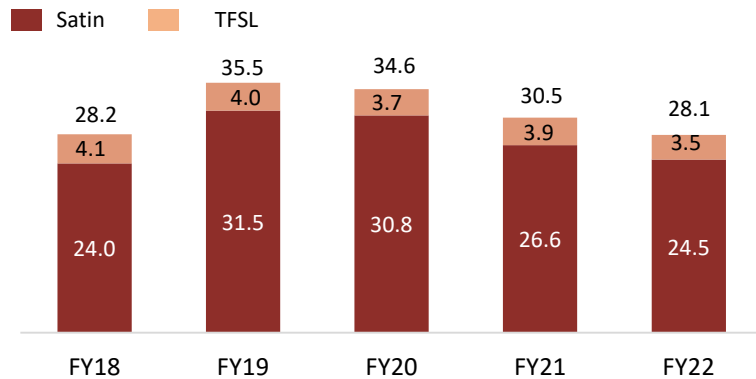
## Districts, States and Branches



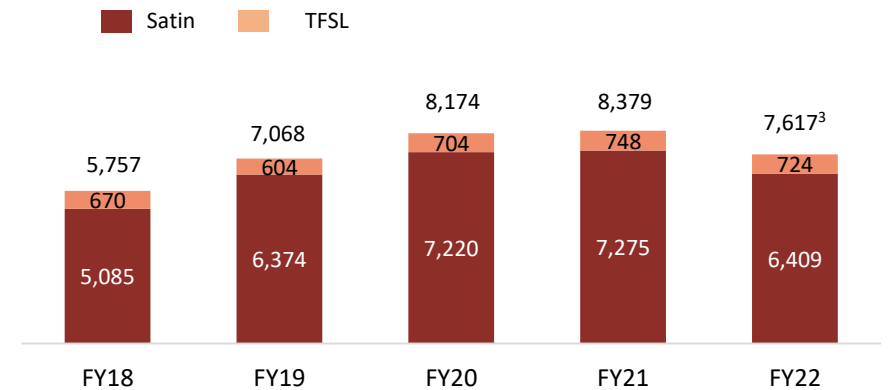
## Employees & Loan Officers



## Clients (lacs)



## AUM (Rs. crore)

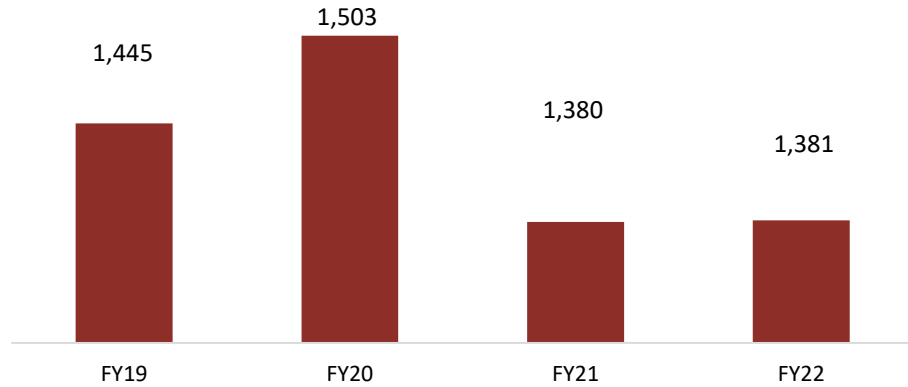


Note: (1) Data on Consolidated basis. On a standalone basis, the number of branches were 1,029; (2) Data on a consolidated basis. On a standalone basis the number of loan officers were 7,058; (3) Consolidated figures includes Satin Housing Finance Limited and Satin Finserv Ltd. as well.

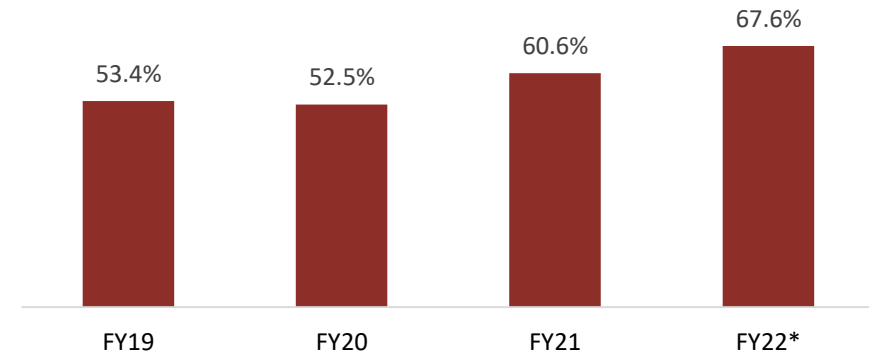
# Key Consolidated Financials



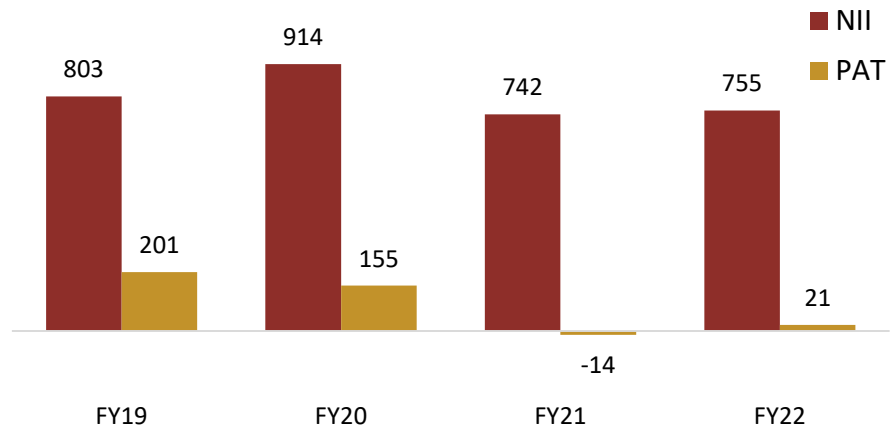
### Gross Income (Rs. crore)



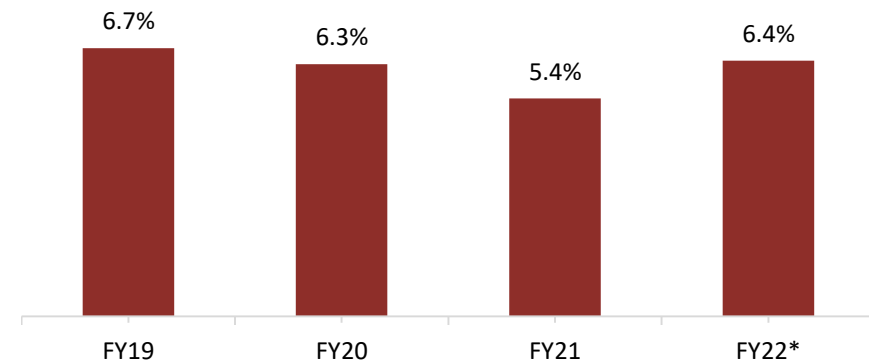
### Cost to Income Ratio (%)



### NII and PAT (Rs. crore)



### Opex to Avg AUM (%)

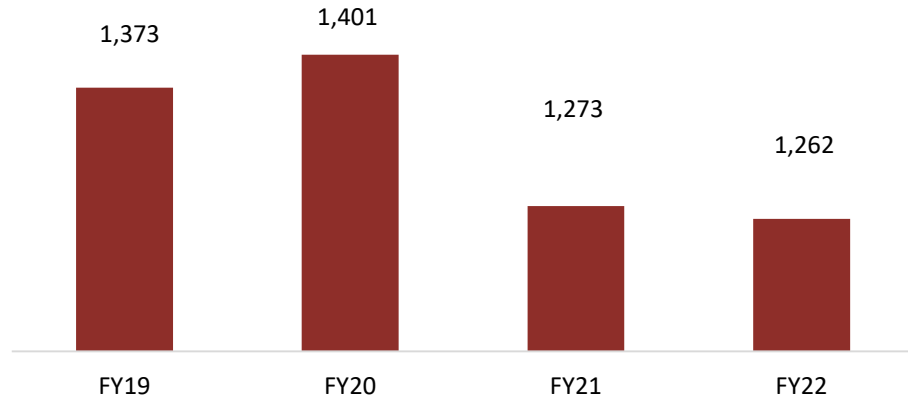


\*Cost to Income and Opex / AUM is temporarily high due to lower business volume leading to lower base

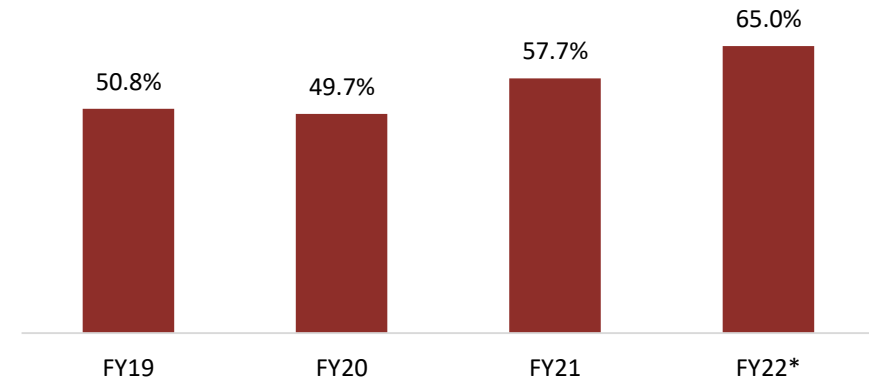
# Key Standalone Financials



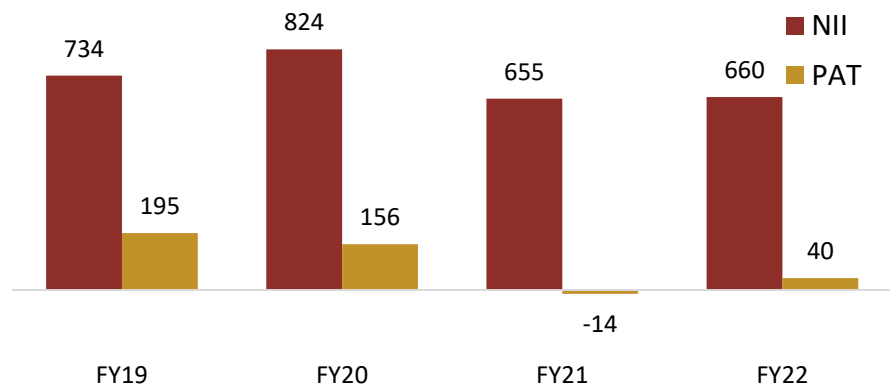
### Gross Income (Rs. crore)



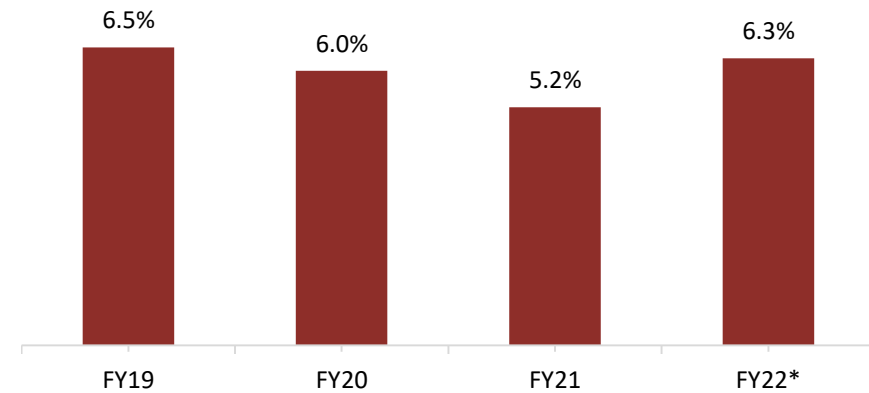
### Cost to Income Ratio (%)



### NII and PAT (Rs. crore)



### Opex to Avg AUM (%)



\*Cost to Income and Opex / AUM is temporarily high due to lower business volume leading to lower base



Financial & Operational Details  
(Consolidated)



# Annexure – Business Details – Consolidated



Particulars	Q4FY22	Q4FY21	YoY%	Q3FY22	QoQ%
<b>AUM (Rs. crore)</b>	<b>7,617</b>	<b>8,379</b>	<b>-9.1%</b>	<b>7,218</b>	<b>5.5%</b>
SCNL	6,409	7,275		6,123	
On-book AUM*	5,145	5,660		5,249	
Assignment	1,204	1,359		771	
Business Correspondence	60	256		103	
TFSL	724	748		676	
SHFL <sup>(1)</sup>	318	226		275	
SFL	166	131		144	
<b>AUM Mix (Rs. crore)</b>	<b>7,617</b>	<b>8,379</b>	<b>-9.1%</b>	<b>7,218</b>	<b>5.5%</b>
MFI Lending	6,780	7,712		6,455	
Business Correspondence	784	1,003		779	
Product Financing	22	24		17	
MSME	519	441		488	
Housing Finance	318	226		275	
<b>No. of Branches</b>	<b>1,224</b>	<b>1,257</b>	<b>-2.6%</b>	<b>1,214</b>	<b>0.8%</b>
SCNL	1,029	1,011		1,028	
TFSL	158	217		152	
SHFL	21	14		18	
SFL	16	15		16	

**Note:**

\* Includes securitization, differences due to rounding off

1) The portfolio also includes Assigned portfolio of Rs.26 crore

# Annexure – P&L Statement – Consolidated



Particulars (Rs. crore)	FY22	FY21	YoY%	Q4FY22	Q4FY21	YoY%	Q3FY22	QoQ
<b>Revenue</b>								
Interest and Fee Income	1,163	1,076		278	297		296	
(Loss)/Gain due to DA	52	112		40	54		15	
Treasury Income	70	71		23	13		15	
BC Fees	74	88		18	31		18	
Other Operating Income	23	32		6	11		5	
<b>Total Revenue</b>	<b>1,381</b>	<b>1,380</b>	<b>0.1%</b>	<b>364</b>	<b>406</b>	<b>-10.3%</b>	<b>348</b>	<b>4.6%</b>
<b>Expenses</b>								
Finance Cost	626	638		153	163		155	
Employee Benefit Expenses	393	337		101	94		105	
Credit Cost & FLDG for BC	210	302		-6	57		13	
Other Expenses	102	98		30	34		25	
Depreciation and amortization expense	16	15		4	4		4	
<b>Total Expenses</b>	<b>1,347</b>	<b>1,390</b>		<b>283</b>	<b>353</b>		<b>303</b>	
<b>Profit Before Tax</b>	<b>34</b>	<b>-10</b>	<b>450.4%</b>	<b>82</b>	<b>53</b>	<b>53.1%</b>	<b>46</b>	<b>79.0%</b>
Tax expense	13	4		25	15		12	
<b>Profit after Tax</b>	<b>21</b>	<b>-14</b>	<b>248.0%</b>	<b>57</b>	<b>38</b>	<b>50.5%</b>	<b>34</b>	<b>69.8%</b>
Other comprehensive income net of taxes	-29	-35		3	18		18	
<b>Total Comprehensive Income</b>	<b>-8</b>	<b>-49</b>	<b>82.7%</b>	<b>60</b>	<b>56</b>	<b>5.9%</b>	<b>52</b>	<b>14.7%</b>

# Financial Details (Standalone)



# Annexure - Financial Performance – Standalone



Particulars (Rs. crore)	FY22	FY21	Q4FY22	Q4FY21	Q3FY22
Gross yield <sup>(1)</sup>	18.44%	17.57%	21.10%	21.18%	20.36%
Financial Cost Ratio <sup>(2)</sup>	8.79%	8.52%	9.32%	8.88%	9.53%
Net Interest Margin <sup>(3)</sup>	9.65%	9.04%	11.78%	12.30%	10.82%
Operating Expense ratio <sup>(4)*</sup>	6.28%	5.22%	7.25%	6.37%	7.34%
Loan Loss Ratio <sup>(5)</sup>	2.51%	3.96%	-0.84%	2.58%	-
RoA <sup>(6)</sup>	0.53%	-0.18%	3.27%	2.18%	2.21%
RoE <sup>(8)</sup>	2.60%	-0.92%	15.48%	11.95%	11.18%
Leverage (Total Debt <sup>(7)</sup> / Total Net Worth)	3.4x	4.1x	3.4x	4.1x	3.7x
Cost to Income Ratio*	65.02%	57.74%	61.52%	51.76%	67.84%

Asset Quality (on-book)	FY22	FY21	Q4FY22	Q4FY21	Q3FY22
GNPA %	8.01	8.40	8.01	8.40	8.61
ECL %	6.70	5.11	6.70	5.11	8.12

1. Gross Yield represents the ratio of total Income in the relevant period to the Average AUM
2. Financial Cost Ratio represents the ratio of interest Expense in the relevant period to the Average AUM
3. Net Interest Margin represents the difference between the Gross Yield and the Financial Cost Ratio
4. Operating Expenses Ratio represents the ratio of the Operating Expenses (expenses including depreciation but excluding Credit Cost and interest Expense) to the Average AUM
5. Loan Loss Ratio represents the ratio of credit cost (including FLDG on BC) to the Average AUM
6. RoA is annualized and represents ratio of PAT to the Average Total Assets
7. Total Debt includes Securitization and preference shares considered as debt in accordance of IndAS
8. RoE is annualized and represents PAT(Post Preference Dividend) to the average equity (i.e., net worth excluding preference share capital)

\*Opex is temporarily high due to lower business volume leading to lower base

# Annexure - P&L Statement – Standalone



Particulars (Rs. crore)	FY22	FY21	YoY%	Q4FY22	Q4FY21	YoY%	Q3FY22	QoQ%
<b>Revenue</b>								
Interest and Fee Income	1,109	1,031		263	284		282	
(Loss)/Gain due to DA	50	110		39	53		14	
Treasury Income	65	66		22	12		14	
BC Income	19	35		2	15		4	
Other Operating Income	19	30		5	9		3	
<b>Total Revenue</b>	<b>1,262</b>	<b>1,273</b>	<b>-0.9%</b>	<b>331</b>	<b>373</b>	<b>-11.3%</b>	<b>317</b>	<b>4.4%</b>
<b>Expenses</b>								
Finance Cost	602	618		146	157		148	
Employee Benefit Expenses	324	281		83	77		86	
Credit Cost & FLDG for BC	172	287		-13	46		-	
Other Expenses	91	84		27	30		25	
Depreciation and amortization expense	13	13		3	4		3	
<b>Total Expenses</b>	<b>1,203</b>	<b>1,283</b>		<b>246</b>	<b>313</b>		<b>262</b>	
<b>Profit Before Tax</b>	<b>59</b>	<b>-10</b>	<b>708.1%</b>	<b>84</b>	<b>59</b>	<b>41.5%</b>	<b>55</b>	<b>53.7%</b>
Tax expense	19	4		25	17		14	
<b>Profit After Tax</b>	<b>40</b>	<b>-14</b>	<b>396.8%</b>	<b>60</b>	<b>43</b>	<b>39.2%</b>	<b>40</b>	<b>47.9%</b>
Other comprehensive income net of taxes	-29	-35		2	19		20	
<b>Total Comprehensive Income</b>	<b>11</b>	<b>-48</b>	<b>122.8%</b>	<b>62</b>	<b>61</b>	<b>0.2%</b>	<b>60</b>	<b>2.7%</b>

# Financial Details (Subsidiaries)





# Annexure - P&L Statement – TFSL



Particulars (Rs. crore)	FY22	FY21	Q4FY22	Q4FY21	Q3FY22
<b>Revenue</b>					
<b>Total Revenue</b>	<b>69.7</b>	<b>59.3</b>	<b>19.6</b>	<b>17.7</b>	<b>20.6</b>
<b>Expenses</b>					
Finance Cost	5.6	4.5	1.5	1.3	1.5
Employee Benefit Expenses	47.8	39.1	11.1	12.5	13.4
Credit Cost	33.4	11.3	7.0	10.3	12.5
Other Expenses	11.1	10.0	4.5	3.3	2.2
Depreciation and amortization expense	1.6	1.5	0.4	0.4	0.4
<b>Total Expenses</b>	<b>99.5</b>	<b>66.3</b>	<b>24.5</b>	<b>27.7</b>	<b>30.1</b>
<b>Profit Before Tax</b>	<b>-29.7</b>	<b>-7.0</b>	<b>-4.9</b>	<b>-10.0</b>	<b>-9.5</b>
Tax expense	-7.8	-2.0	-1.2	-2.7	-2.7
<b>Profit After Tax</b>	<b>-22.0</b>	<b>-5.0</b>	<b>-3.8</b>	<b>-7.3</b>	<b>-6.8</b>
Other comprehensive income net of taxes	0.0	-0.2	0.3	0.0	0.0
<b>Total Comprehensive Income</b>	<b>-21.9</b>	<b>-5.2</b>	<b>-3.5</b>	<b>-7.3</b>	<b>-6.8</b>



# Annexure - P&L Statement – SHFL



Particulars (Rs. crore)	FY22	FY21	Q4FY22	Q4FY21	Q3FY22
Revenue					
Interest and Fee Income	34.3	25.8	10.1	8.1	8.7
Treasury Income	0.8	0.3	0.2	0.0	0.2
Other income	3.0	3.5	1.4	2.4	0.8
<b>Total Revenue</b>	<b>38.0</b>	<b>29.6</b>	<b>11.7</b>	<b>10.5</b>	<b>9.7</b>
Expenses					
Finance cost	17.1	13.6	5.3	3.8	4.0
Employee benefit expenses	11.9	10.5	3.3	3.2	3.2
Credit Cost	1.0	0.1	0.1	-0.2	0.5
Other expenses	3.5	2.9	1.1	1.1	1.0
Depreciation and amortization expenses	0.3	0.4	0.1	0.1	0.1
Total Expenses	<b>33.8</b>	<b>27.5</b>	<b>9.9</b>	<b>7.9</b>	<b>8.7</b>
<b>Profit Before Tax</b>	<b>4.3</b>	<b>2.1</b>	<b>1.8</b>	<b>2.6</b>	<b>1.0</b>
Tax expense	1.2	0.7	0.7	0.8	0.2
<b>Profit After Tax</b>	<b>3.0</b>	<b>1.4</b>	<b>1.1</b>	<b>1.9</b>	<b>0.8</b>
Other comprehensive income	0.0	0.0	0.3	0.0	-1.2
<b>Total Comprehensive Income</b>	<b>3.0</b>	<b>1.4</b>	<b>1.5</b>	<b>1.8</b>	<b>-0.4</b>

# Annexure - P&L Statement – SFL



Particulars (Rs. crore)	FY22	FY21	Q4FY22	Q4FY21	Q3FY22
Revenue					
Interest and Fee Income	26.6	23.8	7.5	6.5	6.9
Treasury Income	0.6	0.4	0.3	0.1	0.2
Other income	0.4	0.6	0.2	0.1	0.2
<b>Total Revenue</b>	<b>27.6</b>	<b>24.8</b>	<b>7.9</b>	<b>6.6</b>	<b>7.3</b>
Expenses					
Finance cost	6.9	4.4	2.4	1.2	2.2
Employee benefit expenses	9.1	7.1	2.7	2.1	2.5
Credit Cost	4.1	3.3	0.3	0.1	0.8
Other expenses	4.3	3.3	1.1	0.9	1.4
Depreciation and amortization expenses	0.5	0.3	0.1	0.1	0.1
Total Expenses	<b>24.9</b>	<b>18.4</b>	<b>6.6</b>	<b>4.3</b>	<b>7.0</b>
<b>Profit Before Tax</b>	<b>2.7</b>	<b>6.4</b>	<b>1.3</b>	<b>2.3</b>	<b>0.3</b>
Tax expense	0.9	1.7	0.6	0.6	0.1
<b>Profit After Tax</b>	<b>1.8</b>	<b>4.8</b>	<b>0.8</b>	<b>1.7</b>	<b>0.2</b>
Other comprehensive income	0.0	0.0	0.0	-0.0	0.0
<b>Total Comprehensive Income</b>	<b>1.8</b>	<b>4.8</b>	<b>0.8</b>	<b>1.6</b>	<b>0.2</b>

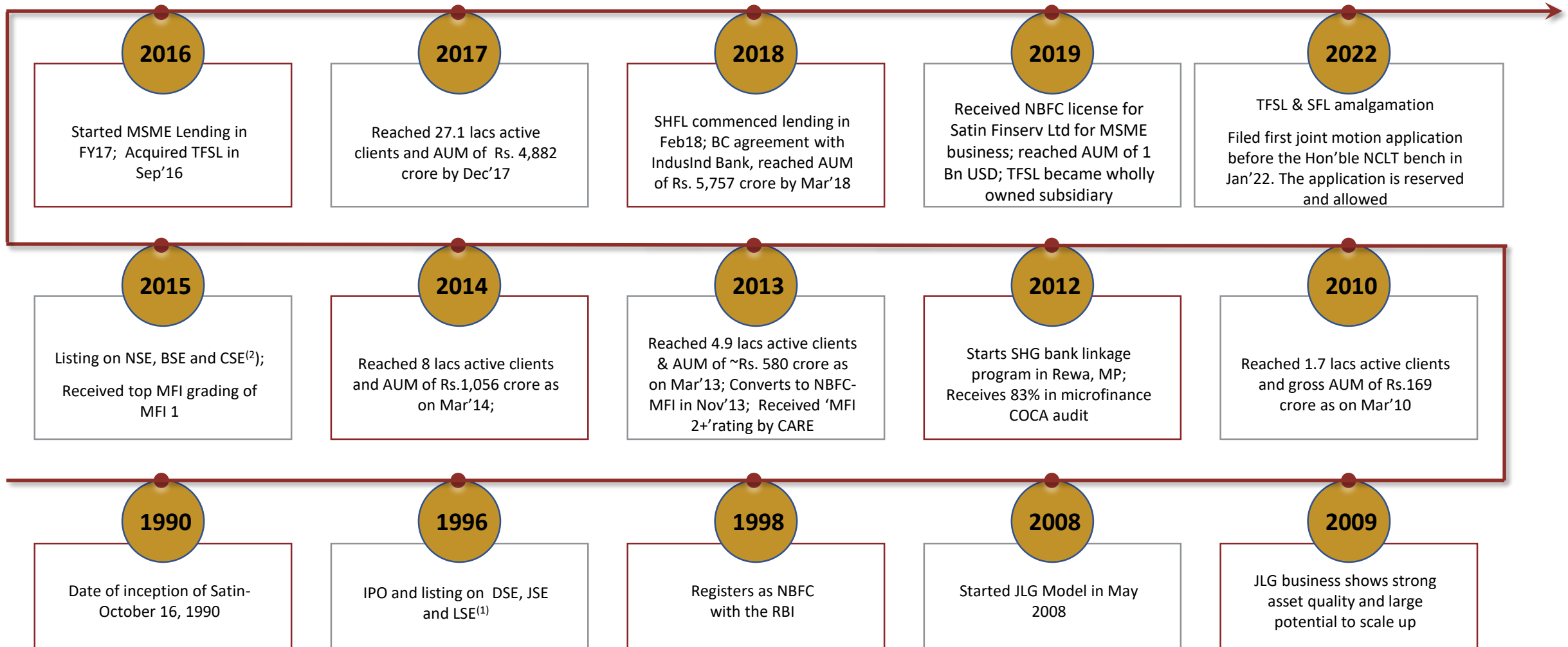
# Company Background



# Key Milestones



## Business Timeline

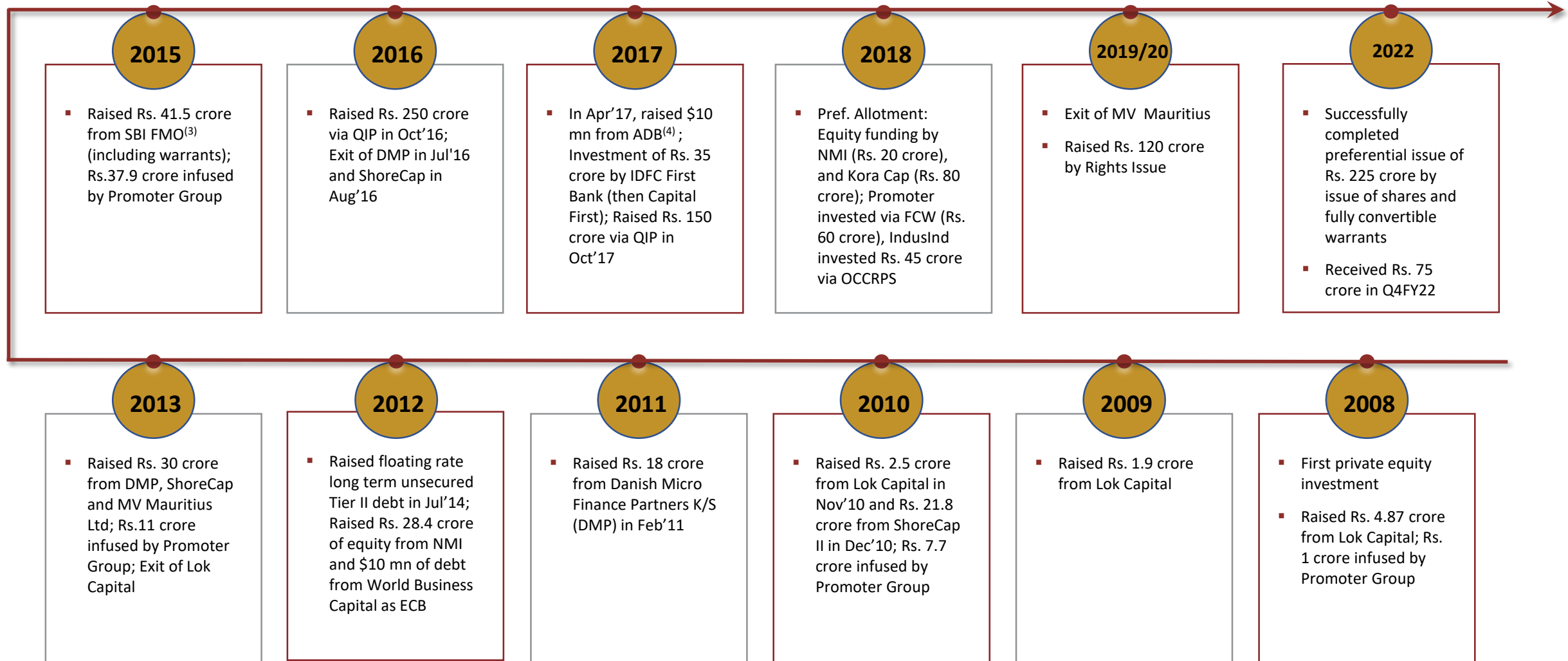


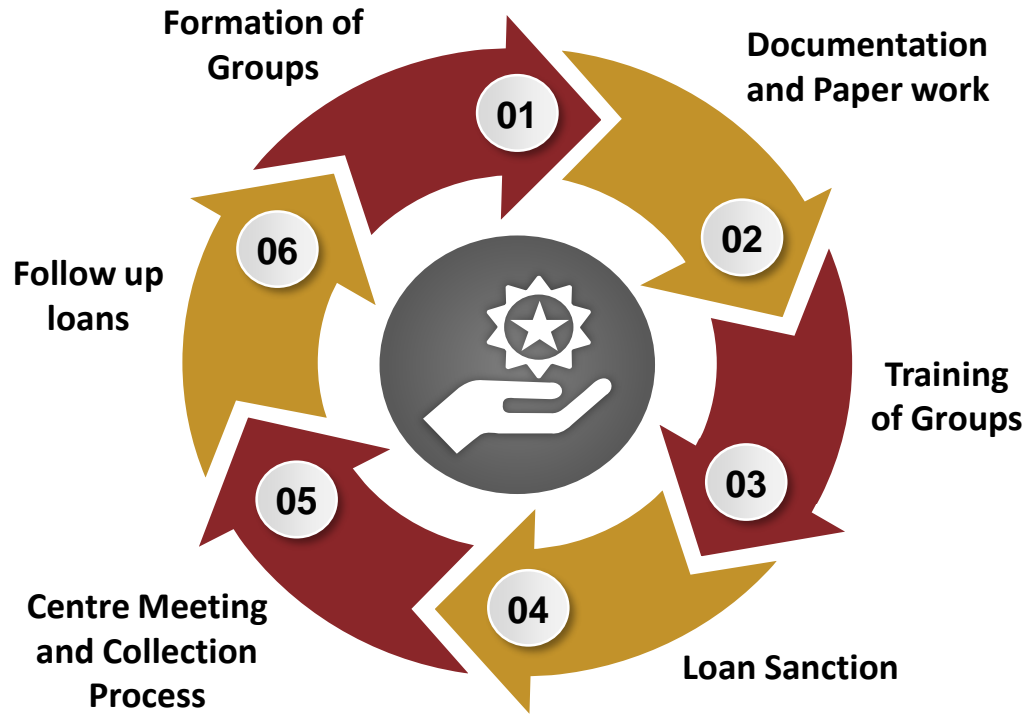
**Note:** 1. Regional Stock Exchanges (DSE – Delhi Stock Exchange, JSE – Jaipur Stock Exchange, LSE- Ludhiana Stock Exchange); (2) BSE - BSE Limited, NSE - National Stock Exchange of India Limited, CSE - The Calcutta Stock Exchange Limited

# Key Milestones

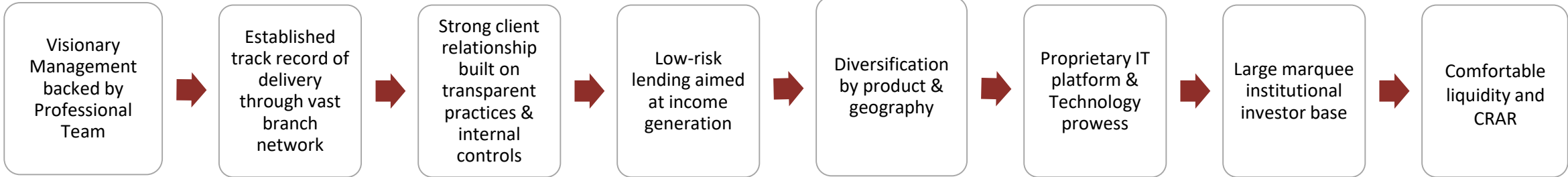


## Fund Raising Timeline





## MICROFINANCE... & BEYOND



**CREATING A NICHE BY BEING A ONE-STOP FINANCIAL SERVICES PROVIDER FOR OUR CUSTOMERS**

## Income Generation Loan (Prarambh)

Ticket Size :  
Rs. 10,000 – Rs. 30,000

Tenure : 12 - 24 months

## Long Term Loan (Vridhhi)

Ticket Size :  
Rs. 31,000 – Rs. 50,000

Tenure : 24 months

## Product Financing

Ticket Size :  
Rs. 5,000 – Rs. 22,000

Tenure : 6-18 months

## WASH Loan

Ticket Size :  
Rs. 10,000 – Rs. 35,000

Tenure : 12 - 24 months

### Eligibility Criteria

- Annual Household Income: up to 3 Lakh
- The outflows limit of 50 per cent of the monthly household income shall include repayment towards all existing loans as well as any loan under consideration

- Maximum monthly loan repayment obligation (incl. applied loan): <=Rs. 12,500.
- OTP & Bank validation



## A Step Towards Women Empowerment and Sponsoring Underprivileged students

Funded towards the construction of the Girls Hostel in order to provide better education opportunities in a safe environment

Supported educational initiatives for less privileged students at **GNA University, Punjab**



## Skilling and Financial Literacy Workshop

Conducted a 5 day skilling and financial literacy workshop for 30 female borrowers in Faridkot, Punjab. The female borrowers from rural communities were trained in tailoring and beauty parlor skills along with coaching on financial literacy



## Flood Relief Activity

Provided rations to the households in Tarakeswar, West Bengal, which were severely impacted by income sources





# Awards and Accolades



- Mr. HP Singh, CMD, received the '**CEO of the Year - Micro Finance Company**' Award
- Mr. HP Singh, CMD, was conferred the Best CEO of the Year at '**Golden Globe Tigers**' virtual awards ceremony in Malaysia
- Mr. HP Singh received the '**Exemplary Leader**' Award
- Mr. HP Singh received '**Business Leader of the Year Award**' in NBFC Sector at World HRD Congress by ET Now
- Ms. Aditi Singh was awarded as '**Social Impact Leaders and Change Makers 2021**' by BW Disrupt
- Mr. Subir Roy Chowdhury, was conferred the '**HR Leader Award**' by the Great Place To Work Institute



**February 2022**

SCNL Annual Report awarded “**Gold Industry Spot**” at Vision Awards by LACP, USA



**March 2022**

Re-certified as “**Great Place to Work**” third time in a row



**April 2022**

Re - featured as “**India’s 30 Best - Workplaces in BFSI-2022**”



**February 2021**

SCNL Annual Report FY20 “Ranked 17 worldwide” at **Vision Awards** by LACP, USA



**October 2021**

“**Adam Smith Awards Asia 2021**” for Best New Technology Solution – Highly Commended Winner



**December 2021**

“**Micro Finance Company of the Year**” in NBFC & FinTech Excellence Awards 2022 organized by Quantic



**February 2020**

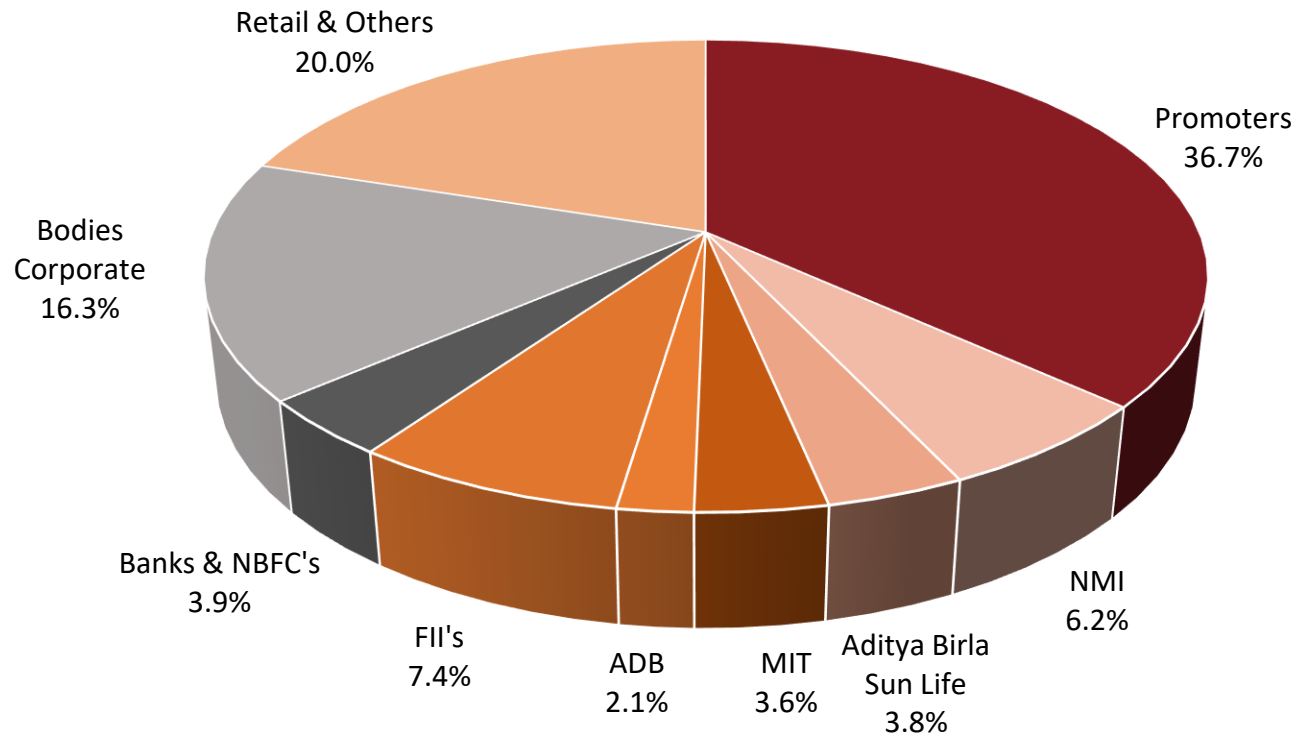
Won “National Best Employer Brand” “**Dream Companies to Work For**”



**November 2019**

Awarded “**Company with Great Manager**”

## Shareholding as on 31<sup>st</sup> March, 2022



No. of Equity Shares as on 31<sup>st</sup> Mar 2022: 7,50,18,997

### Update on Corporate Action

- During Q3FY22, the Board of Directors of the Company, considered and approved the fund raising by way of the Preferential Issue of Rs. 225 crore
- Successfully completed allotment of shares and fully convertible warrants on 25<sup>th</sup> Jan'22; received Rs. 75 crore
- No. of equity shares post allotment will be 9,95,59,573
  - Promoter share will increase to 40.0%
  - Florintree Ventures LLP shareholding will be 12.4%

## Environment

### Water and Sanitation (WASH) Loans

- SCNL has been constructively working towards safe water and sanitation in around 121 districts and more than 35,000 villages in 8 states viz Bihar, Chhattisgarh, Uttar Pradesh, West Bengal etc..
- In the FY22, SCNL disbursed a total of 37,031 WASH loans

### Clean Energy Loans

- More than 1 lacs clean energy loans were disbursed
- SCNL's clean energy programme is an illustration of its dedication to serve the society by providing customized financial solution
- Certificate of Excellence by UNFCC's Clean Development Program

- Board comprises of 8 members; 5 Independent Directors of which 1 is women director
- Number of Board Meetings Conducted during the FY22: 10
- Average attendance rate at the Board and Board committee meetings (%): 100% approx.
- Number of Board Committee Meetings Conducted during the FY 2021-22: Audit Committee- 8, Risk Management Committee- 4, Nomination and Remuneration Committee- 2, Stakeholders Relationship Committee- 1, Corporate Social Responsibility Committee- 2, IT Strategy Committee- 3, Rights Issue Committee- 4, Working Committee Meeting- 29, Asset liability Management Committee- 4

## Governance

## Social

- Our strength lies in our ground level knowledge and the strong bond that we have created with our stakeholders
- SCNL is reaching its borrowers through a suite of financial and non-financial services, tailored to meet their needs, including lending under Joint Liability Group model, loans to individual businesses, product financing, community level initiatives, financing household level toilet and water facility
- Almost all of SCNL clients are women, 74% of whom are based in rural hinterlands of India
- Around 72% of the clients are from BPL category



## SCNL and the UN Sustainable Development Goals

Company (Investors & Media) :

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