



SATIN CREDITCARE NETWORK LTD.
Reaching out!

Investor Presentation
August 2022

DETERMINED. DEFINITIVE. DECISIVE.

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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 may have been regrouped.

Business Update & New Initiatives



Reflecting Real Value of Subsidiaries



Post Demonetization in 2016, the Company strategized to diversify out of unsecured MFI portfolio to secured product offerings through subsidiaries. The non-MFI portfolio has grown from 1.3% to 12.1% in last four years



Satin Housing Finance Ltd

Incorporated in 2017
Offers Affordable Home Loans



Satin Finserv Ltd

Incorporated in 2018
Offers MSME Loans



Taraashna Financial Services Ltd

Acquired in 2016
Engaged in Business Correspondence

Investment	As on Q1FY23	100 crore	+	103 crore	+	85 crore	=	288 crore
AUM As on	Q4FY18	2 crore	+	Nil	+	670 crore	=	672 crore
	Q1FY23	331 crore		176 crore		674 crore		1,181 crore

The strategy to diversify portfolio yielded results. The value so created was not reflected in the financials and hence SCNL resorted to the fair value of its investment in subsidiaries as at June 30, 2022.

**Rs. 288 crore
(At Cost)**

**Value Unlocked
Rs. 351 crore**

**Rs. 639 crore*
(Fair Value)**

Strengthened the Asset Quality and Profitability



**The portfolio of the Company has been tested during various events viz demonetization, Assam, COVID-19 pandemic etc.
The Company has been a progressive institution to proactively envisage strategies to maintain its asset quality**

During COVID-19 pandemic (Wave 1 & 2), our clients lost lives and livelihood, this coupled with lockdown impacted the marginalized sector and in turn repayments



As a measure to provide relief to the impacted clients, the Company restructured 21.4% of the loans amounting to Rs. 1,151 crore and provided moratorium wherever necessary. It is reduced to 11.6% of on-book AUM as on Q1FY23 amounting to Rs. 584 crore with ECL provision of Rs. 295 crore and collection efficiency of 72.1%



The Company monitored the performance of this portfolio and realized that certain set of clients are still economically unstable and hence are unable to repay their loans. The Company decided to write off loans amounting to Rs. 275 crore i.e. 5.4% of on-book AUM



Post write-off, GNPA reduced from 8.0% as on Q4FY22 to 4.3% as on Q1FY23 (Rs. 412 crore to Rs. 217 crore); out of this, Rs. 105 crore pertains to Assam



- Despite this write-off, the portfolio remained at similar levels as on Q4FY22
- P&L was not impacted and we registered a PAT of Rs. 60 crore in Q1FY23
- The Company continues to maintain a healthy CRAR of 22.6% post write-off, also there is Rs. 150 crore of expected equity infusion from preferential issue initiated in Dec'21

Key Business Updates (1/2)



AUM and Disbursement

- **Consolidated AUM remained at similar levels of Q4FY22 at Rs. 7,569 crore**
 - Standalone AUM remained at similar levels of Q4FY22; stood at Rs. 6,389 crore as on Q1FY23
- The Company has written-off loans amounting to Rs. 275 crore during the quarter
- Pre-write off growth of 4% on a YoY basis in standalone AUM
- For Q1FY23, disbursement stood at Rs. 1,709 crore on consolidated basis making it one of the best first quarters in last few years

Asset Quality & Provisions

- **The Company has created sufficient provisions to address any contingency in its portfolio. The P&L stands insulated from any further stress that may come in**
- On-book provision of Rs. 398 crore as on Q1FY23, which is 7.9% of on-book AUM. Provision as per RBI stood at Rs. 186 crore
- **On-book GNPA stood at Rs. 217 crore, which is 4.3% of on-book portfolio**
- New PAR addition of loans disbursed from Jul'21 onwards was 0.6%; representing ~65% of on-book AUM as on Q1FY23

Collection Efficiency

- **Cumulative collection efficiency for Q1FY23 stood at 97.3% (excluding restructured portfolio), representing ~89% of portfolio**
 - Collection efficiency on Restructured portfolio for Q1FY23 stood at 72.1%, representing ~11% of portfolio
- **Collection efficiency for Jul'22 stood at 98.5% (excluding restructured portfolio)**
- For Q1FY23, collection efficiency in top 4 states (Uttar Pradesh, Bihar, Madhya Pradesh and Punjab) stood at 98.0%; representing 53.6% of AUM

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**
- Till date, the Company did a fundraise of Rs. 1,708 crore from various lenders
- Sufficient liquidity of ~Rs. 1,017 crore as on 30th Jun'22
- The Company is well capitalized with a CRAR of 22.6% as on 30th Jun'22

Key Business Updates (2/2)



ARC

- During Q1FY23, the Company has sold 23,081 stressed loan assets of Rs. 100 crore (including principal and interest accrued) to an Asset Reconstruction Company for Rs. 87 crore
- The Company will not do any further ARC transactions during the year

Other Updates

- Book Value Per Share at Rs. 222 on standalone basis
- All the group companies are profitable in Q1FY23
- Ranked 38th among the 'Top 100 India's Best Companies to Work for 2022' across all industries and also recognized as 'Best in Microfinance Industry' by Great Place to Work® Institute (India) in Jun'22

Commitment to Sustainability

- Certified by D-light for creating social impact in the community
- Featured in "BW Disrupt" power list of Social Impact Leaders and Change Makers 2021
- Awarded Certificate of Excellence in Clean Energy Finance as a part of the UNFCCC's Clean Development Program (CDM)
- Disbursed ~1,01,000 bicycles and ~3,95,000 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

New Regulatory Framework by RBI



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

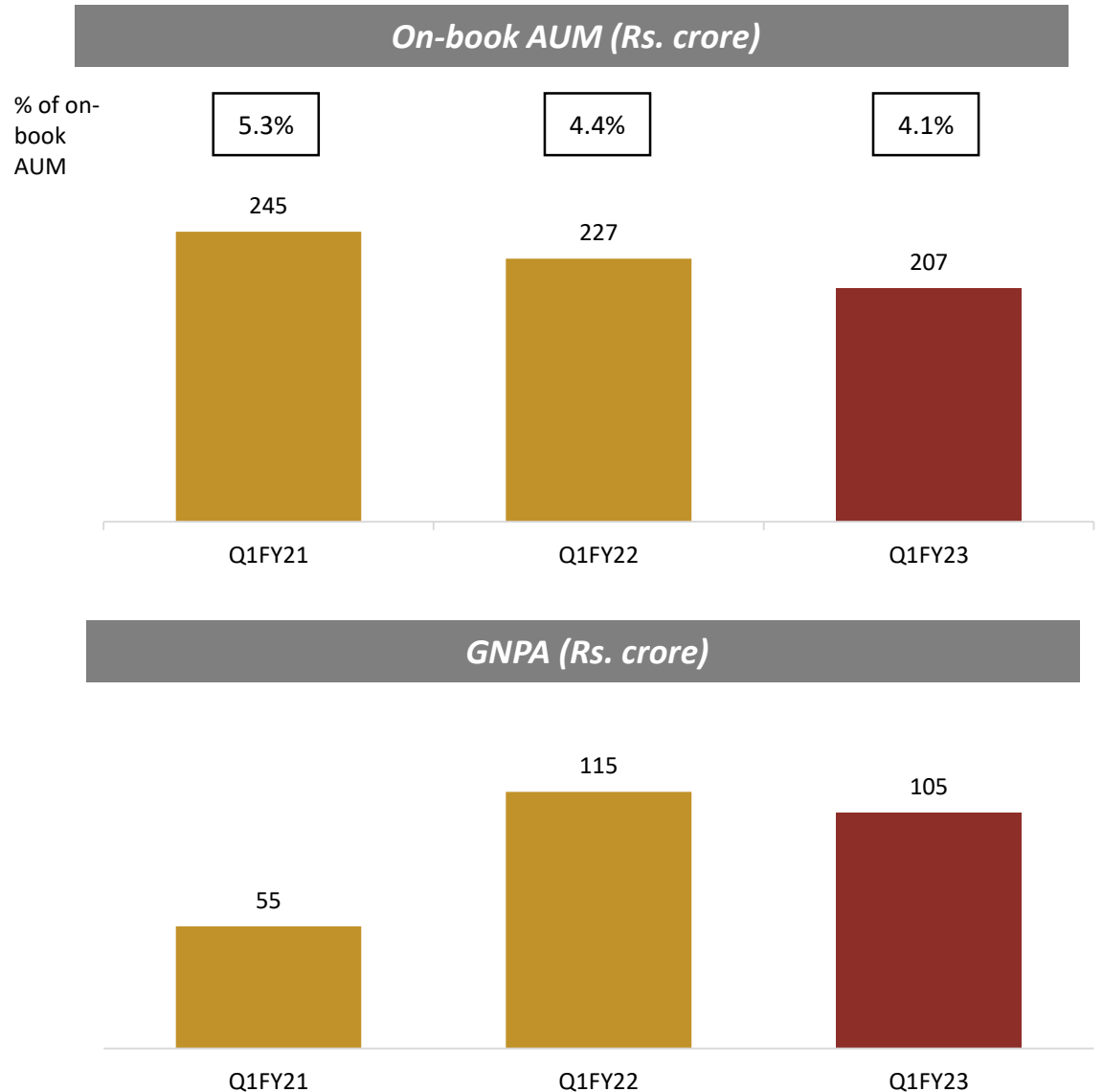
Over-indebtedness

- 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 is likely to be implemented in Aug'22 as soon as the current flood situation is under control



Business Trends...



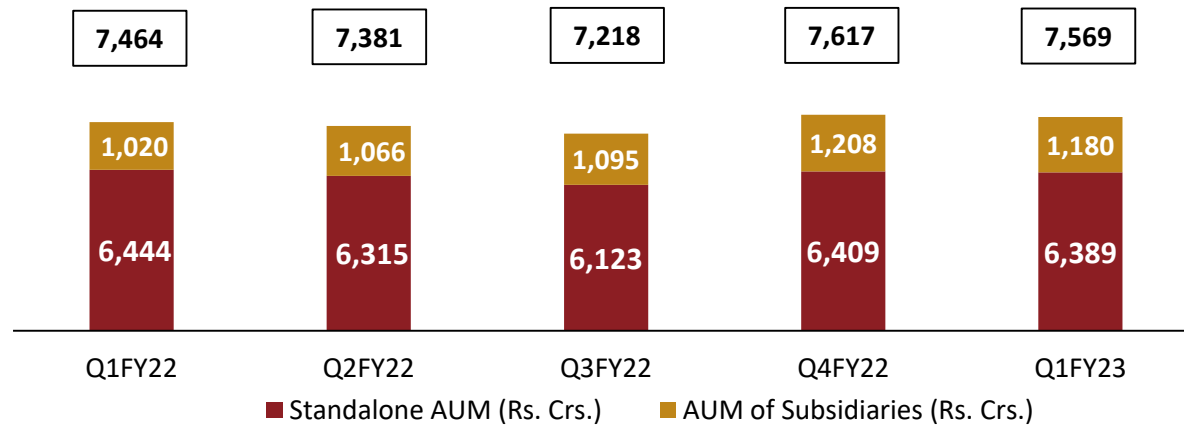
Rs. **7,569** crore
AUM*

Rs. **1,709** crore
DISBURSEMENT in Q1FY23

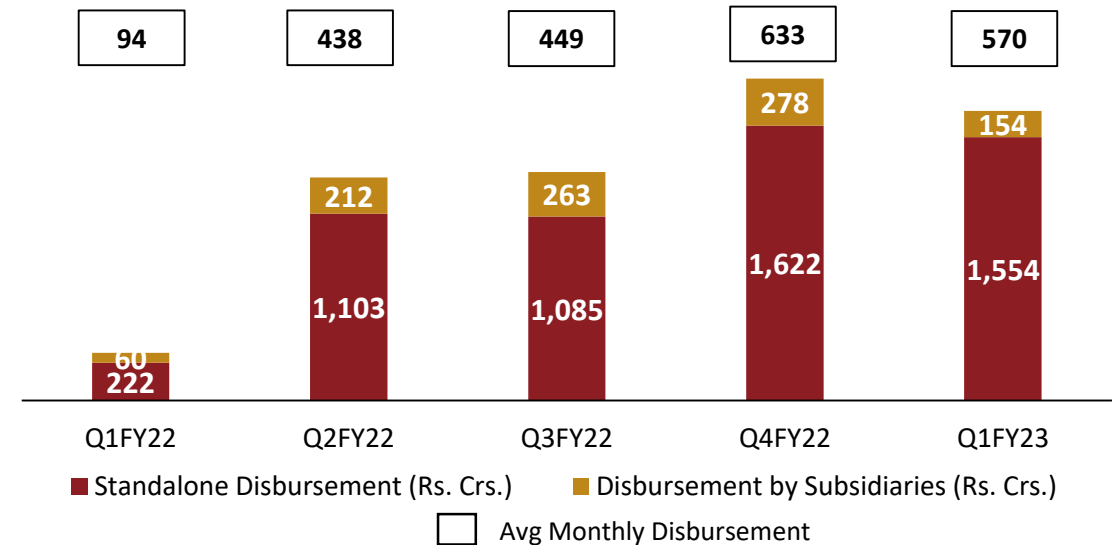
27 Lacs
ACTIVE CUSTOMERS

1,224
NO. OF BRANCHES

Asset under Management Trends (Q-o-Q)



Disbursement Trends (Q-o-Q)



Standalone Information:

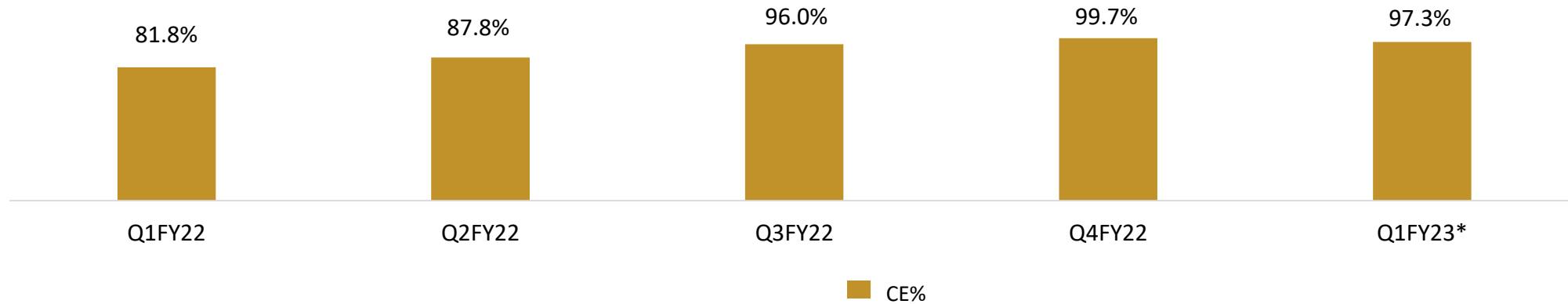
- AUM remained at similar levels of Q4FY22; stood at Rs. 6,389 crore as on Q1FY23
- With disbursements back on track, growth to come in the coming quarters
- Disbursement for Q1FY23 stood at Rs. 1,554 crore
- Focus on disbursement to existing clients on account of COVID-19 pandemic; going forward will also do new client acquisition

...Trends in Collection Efficiency



Collection Efficiency Trends

Quarter on Quarter



Collection Efficiency Trends in Key States – 53.6% of AUM

States	CE % (Incl. Arrears)						
	Jan-22	Feb-22	Mar-22	Apr-22*	May-22*	Jun-22*	Jul-22*
Uttar Pradesh	104%	101%	102%	102%	98%	99%	99%
Bihar	105%	103%	104%	98%	98%	99%	99%
Madhya Pradesh	101%	100%	101%	98%	97%	98%	98%
Punjab	92%	93%	94%	91%	90%	96%	97%
Total	103%	100%	101%	99%	97%	99%	99%

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

*Excluding Restructured Portfolio

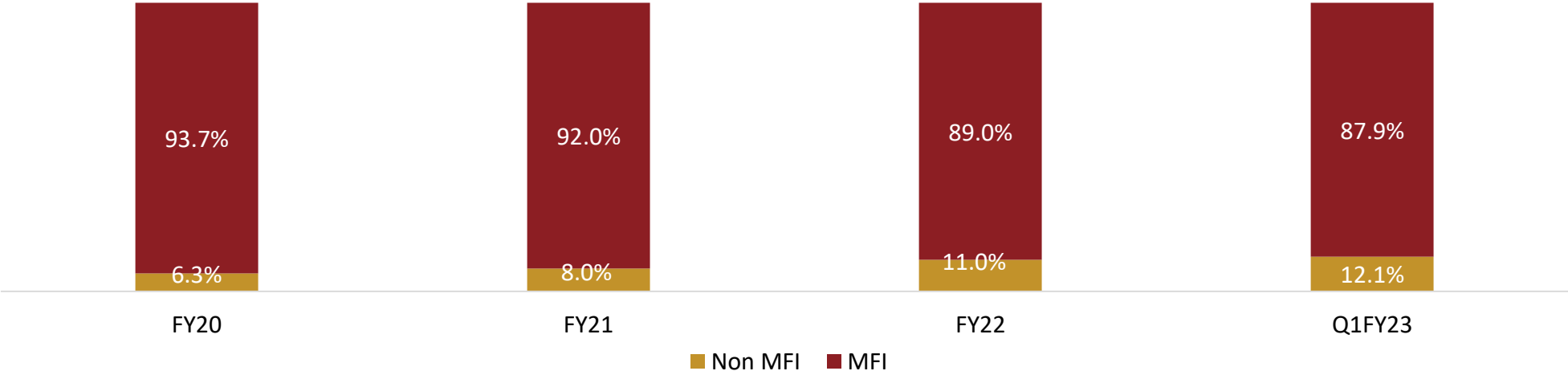
Diversifying to Secured Assets – Future Upside Potential



Non-MFI Portfolio

- Non-MFI book of the Company includes the MSME and Housing Finance business
 - MSME Book grew from Rs. 378 crore in FY20 to Rs. 585 crore in Q1FY23 (i.e. 55% growth)
 - Housing Finance Book grew from Rs. 139 crore in FY20 to Rs. 331 crore in Q1FY23 (i.e. 138% growth)
 - The strategy to diversify portfolio is yielding results.

Non-MFI Portfolio



Satin Housing Finance Limited

AUM grew by 47% in Q1FY23 YoY
Q1FY23 disbursement stood at **Rs. 45 crore**

SHFL had 2 successive profitable years despite
challenging business environment, *PAT for Q1FY23*
stood at Rs. 0.3 crore

No Restructuring done

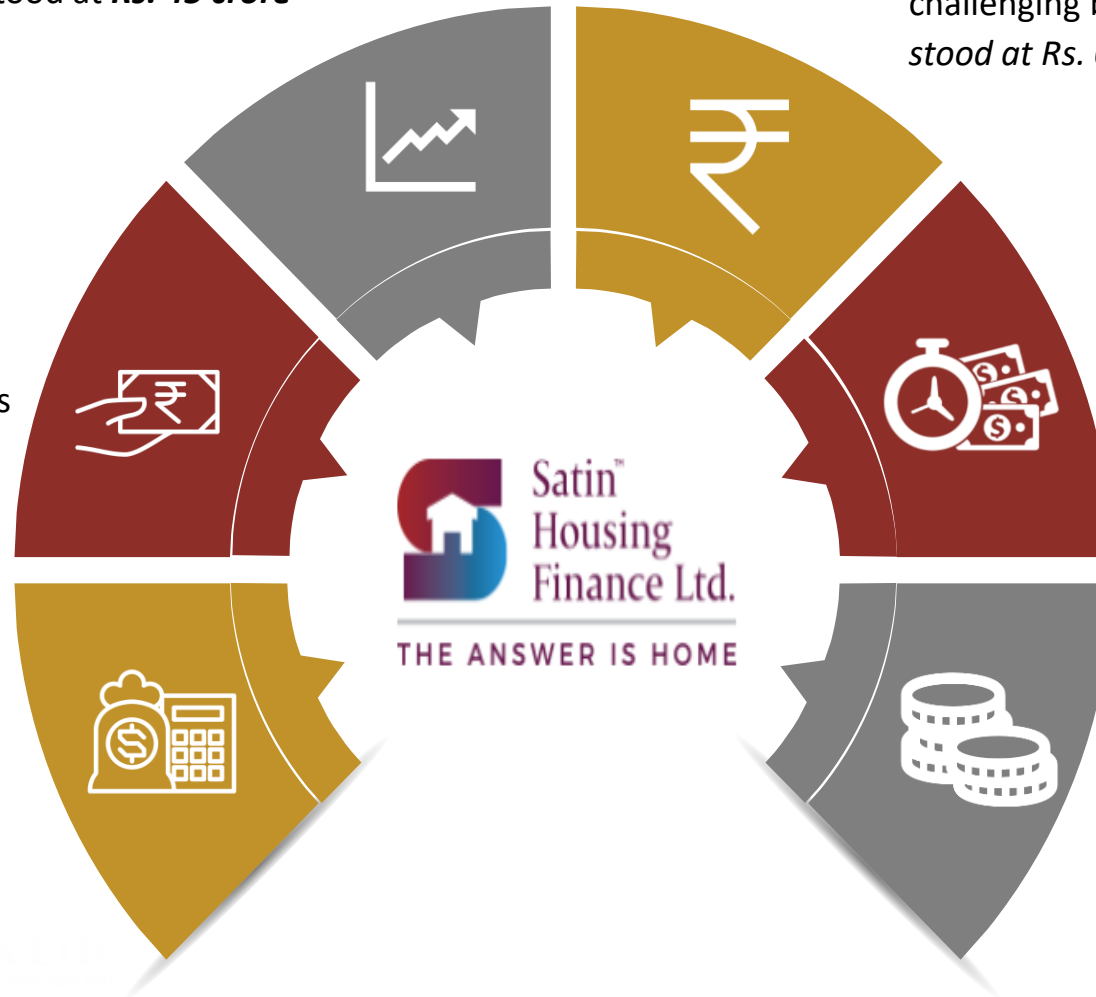
Quality of portfolio remains
intact with GNPA of 0.09%
as on Jun'22

Healthy **CRAR 54.7%**
No ALM mismatch

No willful default or fraud since
inception

Eligible for SARFAESI enforcement

16 lenders including NHB refinance



Update on Subsidiaries – TFSL & SFL



Taraashna Financial Services Limited

- ✓ Collection efficiency for Jun'22 stood at 101%
- ✓ Disbursement stood at Rs. 79 crore for Q1FY23
- ✓ Sourcing business for SCNL under Nai Roshni
- ✓ PAT for Q1FY23 stood at Rs. 0.2 crore



Satin Finserv Limited

- ✓ AUM growth of 41% YoY in Q1FY23
- ✓ Healthy CRAR of 61.0%
- ✓ Cumulative collection efficiency in Q1FY23 stood at 99.6%
- ✓ GNPA of 4.9%; ECL of 3.3%
- ✓ 6% loans restructured
- ✓ PAT for Q1FY23 stood at Rs. 1.0 crore

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 was filed before Hon'ble NCLT, Chandigarh Bench after obtaining requisite NOCs from shareholders and creditors of TFSL and SFL. The said first motion application was reserved and allowed by the said Hon'ble NCLT on hearing dated April 6, 2022. The said order was pronounced on hearing dated May 17, 2022 by Hon'ble NCLT. Both the companies have filed joint second motion application with Hon'ble NCLT on May 25, 2022. The said joint second motion application was admitted by Hon'ble NCLT in its hearing dated July 08, 2022 and issued necessary directions of serving notices and newspapers advertisements which are under process.*

*The Scheme is conditional and subject to obtaining other necessary regulatory approvals under applicable laws, including approval of Hon'ble National Company Law Tribunal of relevant jurisdiction.

Objective Behind Amalgamation



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

In the combined entity, tax benefit will accrue to the business when TFSL sources loans for SFL

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 – Q1FY23



Rs. **1,554** crore

DISBURSEMENT

25.4 Lacs

LOAN ACCOUNTS
OUTSTANDING



23

STATES & UT's

1,031

BRANCHES

3.8 Lacs

NO. OF LOANS DISBURSED



Rs. **6,389** crore

AUM



22.6%

CAPITAL ADEQUACY

3.2%

RETURN ON ASSETS^



Rs. **60** crore

PROFIT AFTER TAX

Rs. **41,000**

AVERAGE TICKET SIZE*

14.7%

RETURN ON EQUITY^

Corporate Overview Consolidated – Q1FY23



28.9 Lacs

LOAN ACCOUNTS
OUTSTANDING



1,224

BRANCHES



Rs. **1,709** crore

DISBURSEMENT



Rs. **7,569** crore

AUM



23

STATES & UT's



Rs. **345** crore

REVENUE



Rs. **186** crore

NET INTEREST INCOME



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 Jun'22	MFI ⁽¹⁾	Taraashna Financial Services Limited ⁽²⁾	Satin Housing Finance Limited ⁽³⁾	Satin Finserv Limited (SFL) ⁽⁴⁾
Start Date	May'08 (JLG)	May'12	Feb'18	Mar'19
Ticket Size Range	Upto Rs. 75,000	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	1,030*	155	22	16
AUM (Rs. crore)	5,980 ⁽⁵⁾	674	331	176
No. of loan accounts	25,41,162	3,41,268	3,810	5,486
Avg. Ticket Size for Q1FY23	Rs. 41,000** (JLG)	Rs. 38,600	Rs. 8,65,000	Rs. 1,81,000 (Retail) ⁽⁶⁾

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. 409 crore other than MFI portfolio

(6) Average Ticket Size of Retail Financing is Rs. 1.81 lacs. Overall, the average ticket size of SFL is Rs. 2.08 lacs

*There were 1,030 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

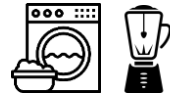
Financing ~Rs. 47 crore during Q1FY23, business started picking up

Enriching Lives



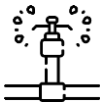
Green Loans

601 loans disbursed



Consumer Durables

9,558 loans disbursed



Water & Sanitation

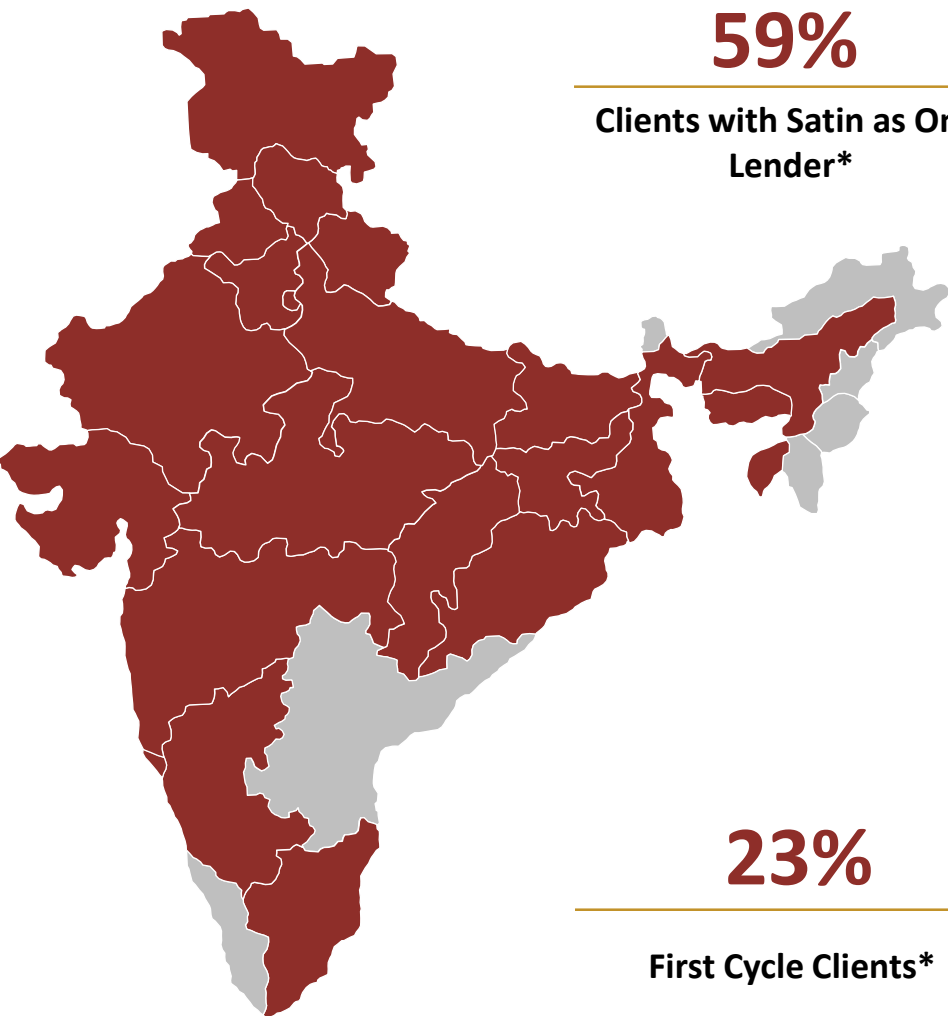
18,648 loans disbursed

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 27 lacs clients across India



59%

Clients with Satin as Only Lender*

27.3 Lacs

No. of Active Clients

28.9 Lacs

No. of Loan Accounts

397

No. of Districts

89,500

No. of Villages

77

No. of Regional Offices

3.1 Lacs

No. of Centres

23%

First Cycle Clients*

7,680

No. of Loan Officers

11,483

No. of Employees

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

State	% of total AUM		AUM Q1FY23 (Rs. crore)
	FY16	Q1FY23	
UTTAR PRADESH	40.9%	24.6%	1,865
BIHAR	17.7%	14.3%	1,084
MADHYA PRADESH	15.5%	7.8%	594
PUNJAB	12.7%	6.8%	518
UTTARAKHAND	3.2%	1.6%	123
JAMMU & KASHMIR	0.1%	0.1%	5
	90.2%	55.3%	4,188

State	% of total AUM		AUM Q1FY23 (Rs. crore)
	FY16	Q1FY23	
DELHI & NCR	2.0%	6.4%	486
RAJASTHAN	2.3%	5.7%	429
WEST BENGAL	0.1%	5.5%	413
GUJARAT	0.5%	3.6%	273
HARYANA	1.9%	3.6%	273
MAHARASHTRA	1.6%	2.7%	203
JHARKHAND	0.7%	2.4%	185
CHHATTISGARH	0.6%	1.3%	99
HIMACHAL PRADESH	0.0%	0.0%	3
	9.7%	31.2%	2,364

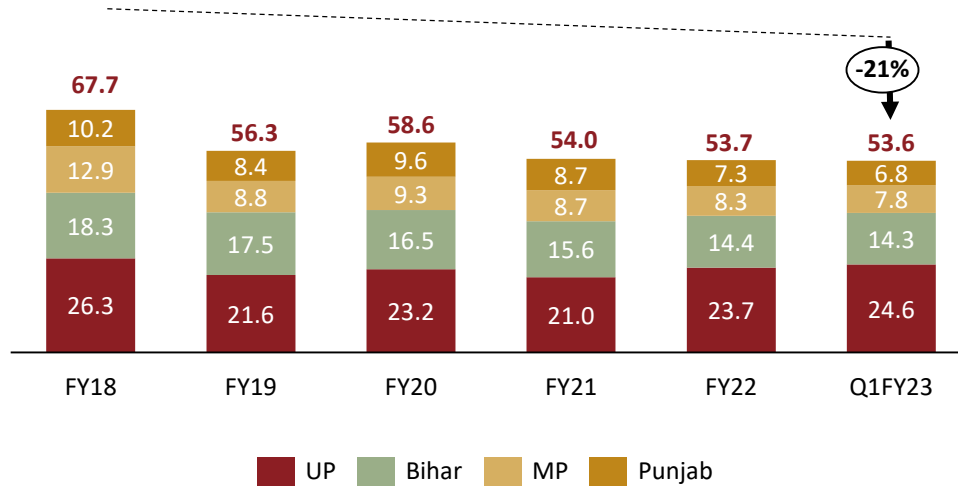
State	% of total AUM		AUM Q1FY23 (Rs. crore)
	FY16	Q1FY23	
ORRISA	0.0%	3.8%	287
ASSAM	0.0%	3.7%	283
TAMIL NADU	0.0%	3.5%	263
KARNATAKA	0.0%	1.5%	112
TRIPURA	0.0%	0.8%	60
PONDICHERRY	0.0%	0.1%	6
MEGHALAYA	0.0%	0.0%	3
SIKKIM	0.0%	0.0%	3
	0.0%	13.4%	1,017

...And de-risking geographical concentration

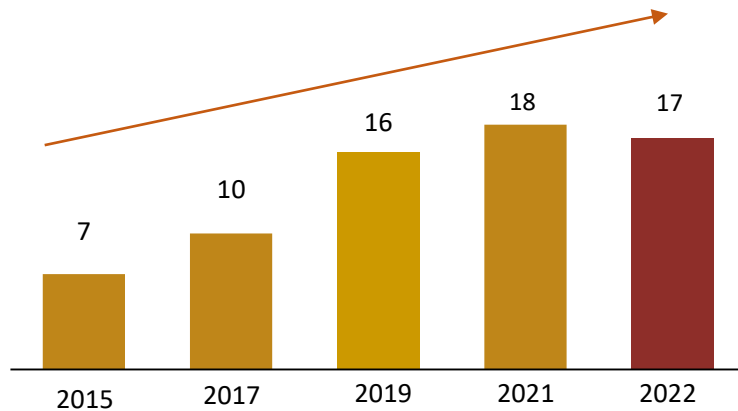
To remain a PAN India Player



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

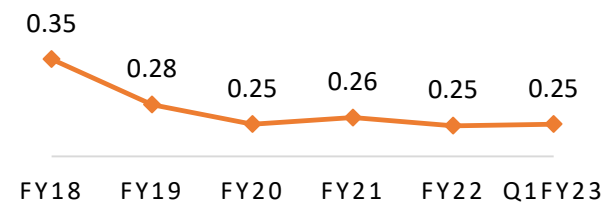


Number of States contributing more than 1% to Total AUM

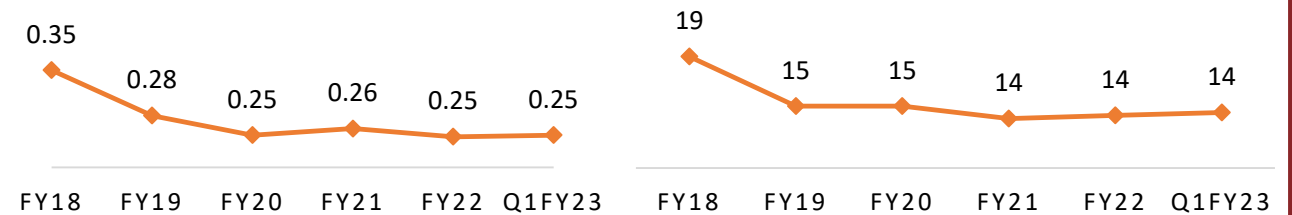


Limiting Exposure per district

Average exposure per district %

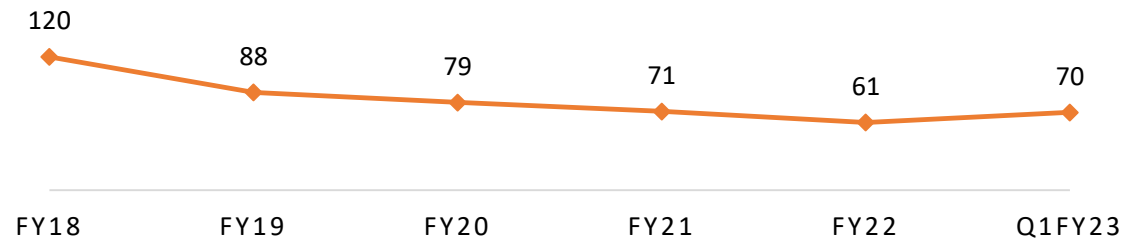


% of Top 10 Districts to AUM



Particulars	FY18	FY19	FY20	FY21	FY22	Q1FY23
No. of Districts - JLG	306	359	397	388	404	397
% of Districts with <1% exposure	92.5%	96.4%	96.5%	95.8%	97.3%	96.5%
% of Districts with >2%	1.0%	0.6%	0.5%	0.5%	0.3%	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 disbursement 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

99

Zonal Auditors &
Regional Auditors

Feedback based

Compliance Audit

100% Digital

on Audit Reports and Findings

1,047 Audits

completed in Q1FY23

Quarterly Audit

Regional Office, Branch & Social
Performance Management

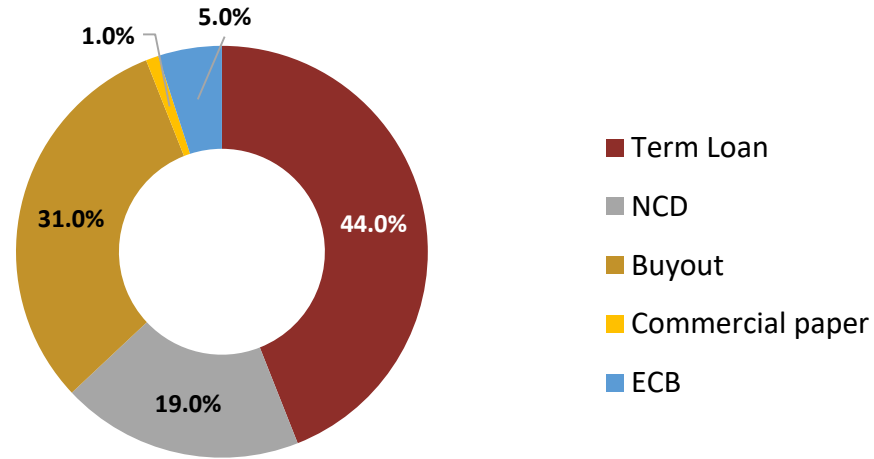
21 man-days

field audit per auditor per month

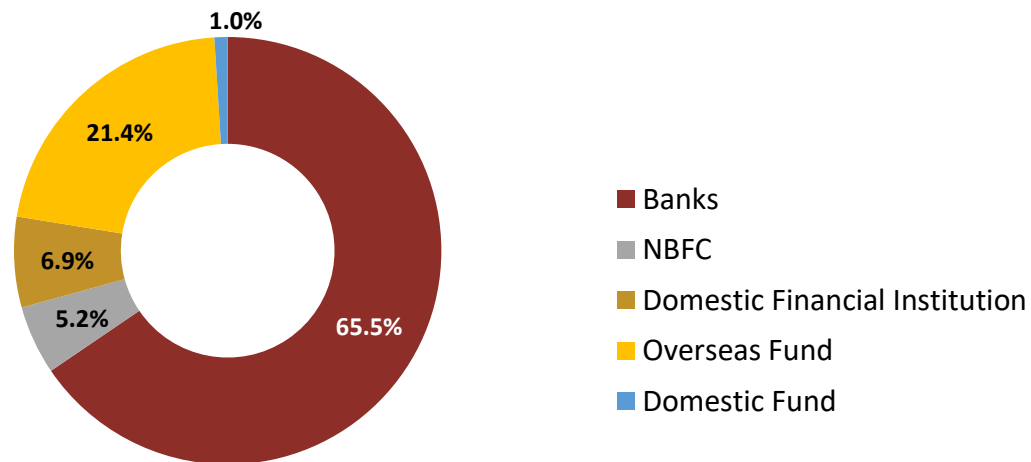
5. We have a well-diversified Liability Profile... ...insulated from Capital Market Turbulence



Product-wise Jun'22



Lender-wise Jun'22



Large Lender Base 59 Active Lenders

Top 10 Lending Partners	% Share as on 30 th Jun'22
Bank of Maharashtra	9%
Bank of Baroda	9%
Blue Orchard Microfinance Fund	7%
Bandhan Bank Limited	7%
Aav S.A.R.L.	5%
State Bank of India	5%
Standard Chartered Bank	5%
Indian Bank	4%
HSBC	4%
ResponsAbility	4%
Total of Top 10 lenders	59%

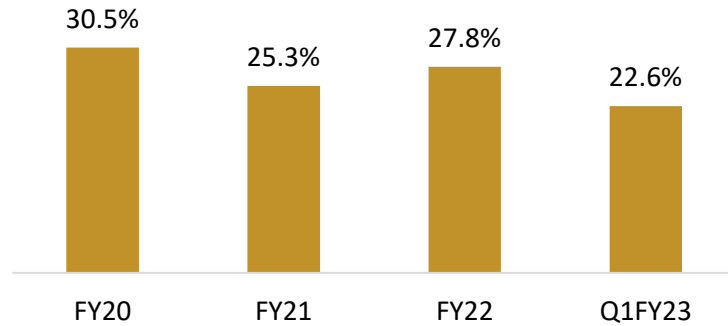
Credit Rating

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

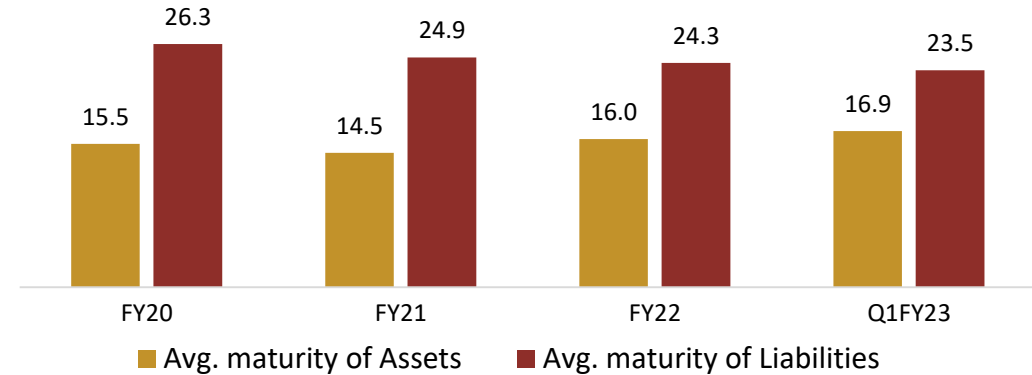
6. Strong Capitalization with Ample Liquidity



Healthy CRAR to Support Growth Opportunities



Benefit of Positive ALM Continues



Static ALM as on 30 th Jun'22 (Rs. crore)	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
Inflows							
Liquidity at the beginning of month*	1,017	1,137	1,199	1,230	1,265	1,457	1,017
Principal - Loan portfolio	284	284	306	231	294	296	1,695
Interest - Loan portfolio	84	84	78	61	73	62	442
Total (A)	1,385	1,505	1,583	1,523	1,631	1,815	3,154
Outflows							
Principal repayments	213	267	309	230	153	196	1,369
Interest repayments	35	39	44	28	20	50	216
Total (B)	249	306	353	258	174	246	1,585
Cumulative Mismatch (A-B)	1,137	1,199	1,230	1,265	1,457	1,569	1,569

*Excluding margin money deposits Rs 407 crore lien with Lenders and undrawn sanction in hand Rs. 350 crore as on Jun'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%
- » AUM stood at Rs. 674 crore, with presence across 6 states
- » The Company operates through 155 branches, and has around 3.4 lacs clients
- » TFSL now sources business for SCNL under Nai Roshni



Satin Housing Finance Ltd (SHFL)

- » 100% retail book comprising of:
 - » Affordable home loans – 66%
 - » Loan against property – 34%
- » Excellent portfolio quality since inception
- » Clients belonging to Middle and Low-Income Groups in peripherals of Tier II and below cities
- » CRAR of 54.69% and gearing of 2.20x. Total equity stands at Rs. 101.6 crore
- » Total AUM Rs. 331 crore including DA of Rs. 27 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. 176 crore
- » CRAR for Q1FY23 is 61.0%; equity stands at Rs. 109.2 crore
- » 16 Branches across 9 states with 5,486 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
- 96.5% of Districts with <1% exposure
- UP share brought down from 40.9% in Dec'16 to 24.6% in Jun'22

❑ Strong Capitalization with Ample Liquidity

- Capital Adequacy has improved from 18.3% in 2016 to 22.0% currently
- Raised Rs 860 crore equity capital
- Liquidity of around Rs 1,017 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

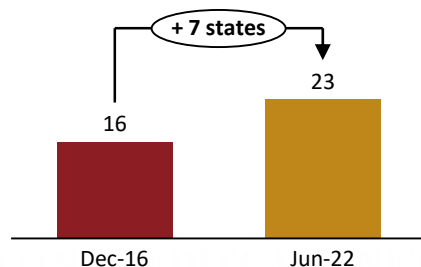
❑ Fund Raising

- 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

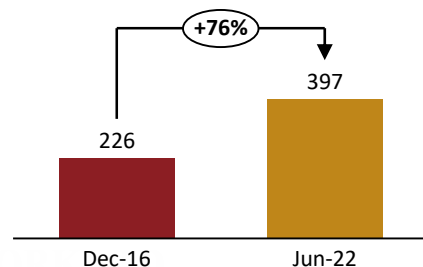
❑ Amalgamation of Subsidiaries

- 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

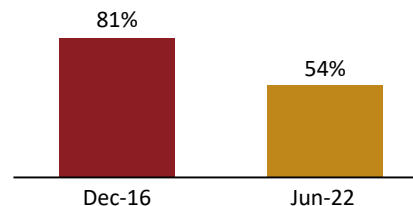
De-risking Geographic Concentration (No. of States)



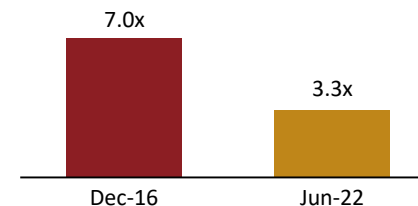
District Diversification



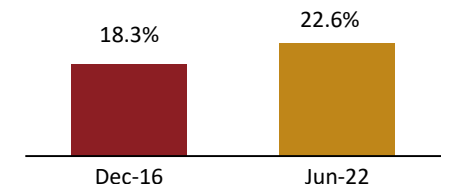
Reduction in Top 4 State Contribution



Reduced Leverage



Improved Capital Adequacy



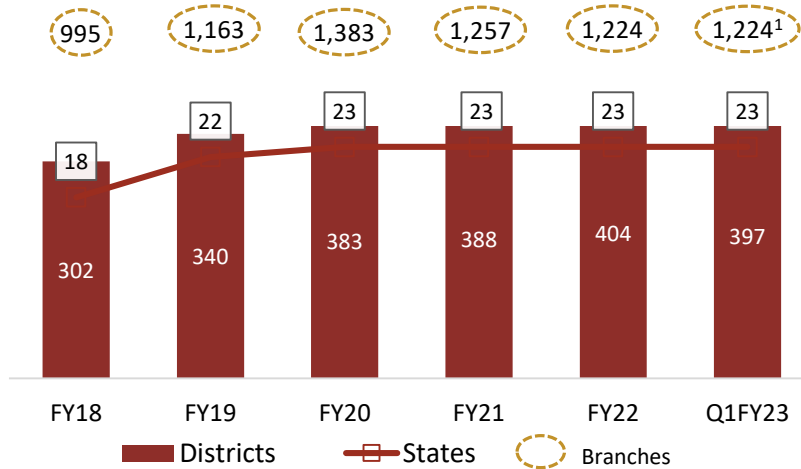
Key Financial & Operational Metrics



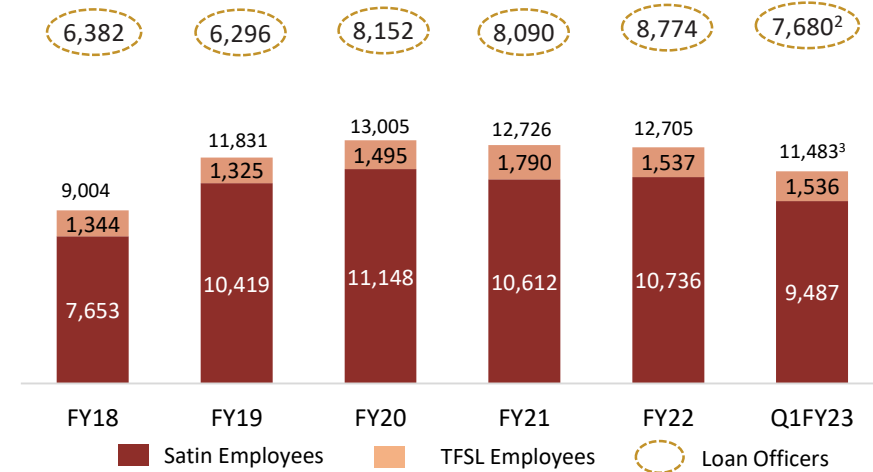
Key Operation Metrics



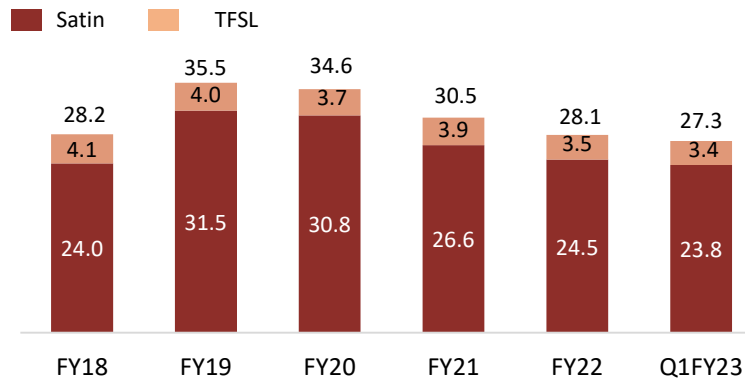
Districts, States and Branches



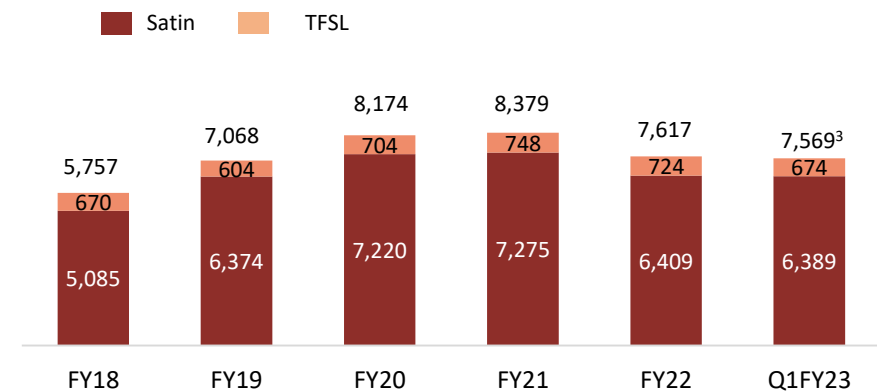
Employees & Loan Officers



Clients (lacs)



AUM (Rs. crore)



Note: (1) Data on Consolidated basis. On a standalone basis, the number of branches were 1,031; (2) Data on a consolidated basis. On a standalone basis the number of loan officers were 6,124; (3) Consolidated figures includes Satin Housing Finance Limited and Satin Finserv Ltd. as well.

Business Details – Consolidated



Particulars	Q1FY23	Q1FY22	YoY%	Q4FY22	QoQ%
AUM (Rs. crore)	7,569	7,464	1.4%	7,617	-0.6%
SCNL	6,389	6,444		6,409	
On-book AUM*	5,042	5,143		5,145	
Assignment	1,304	1,093		1,204	
Business Correspondence	44	207		60	
TFSL	674	671		724	
SHFL	331 ⁽¹⁾	224		318	
SFL	176	125		166	
AUM Mix (Rs. crore)	7,569	7,464	1.4%	7,617	-0.6%
MFI Lending	6,654	6,803		6,780	
Business Correspondence	718	879		784	
Product Financing	25	20		22	
MSME	585	437		519	
Housing Finance	331	224		318	
No. of Branches	1,224	1,264	-3%	1,224	-
SCNL	1,031	1,022		1,029	
TFSL	155	213		158	
SHFL	22	14		21	
SFL	16	15		16	

Note:

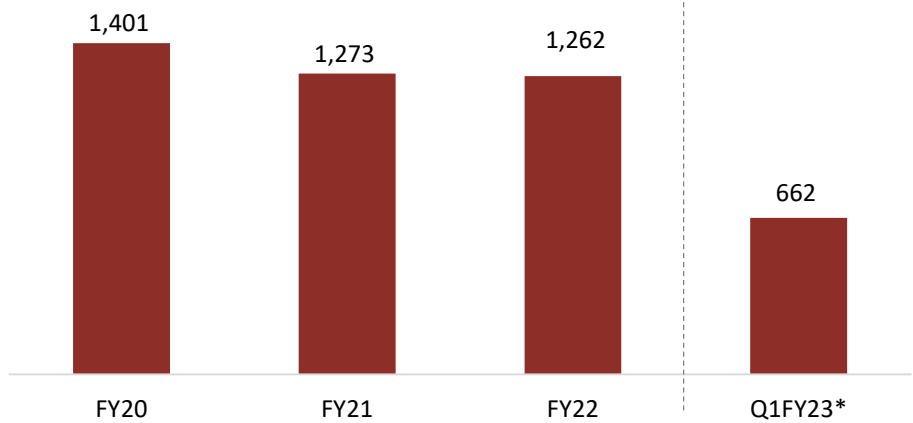
* Includes securitization, differences due to rounding off

1) The portfolio also includes Assigned portfolio of Rs. 27 crore

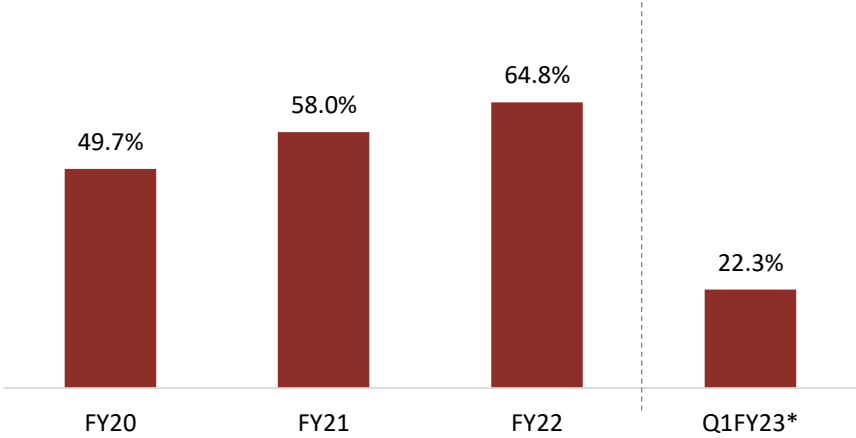
Key Standalone Financials



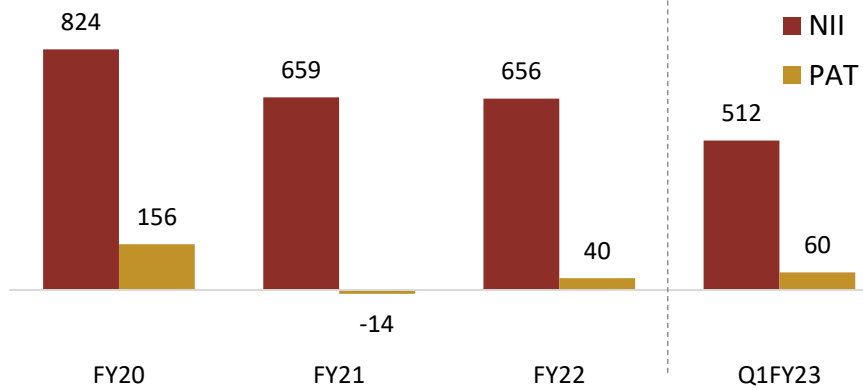
Gross Income (Rs. crore)



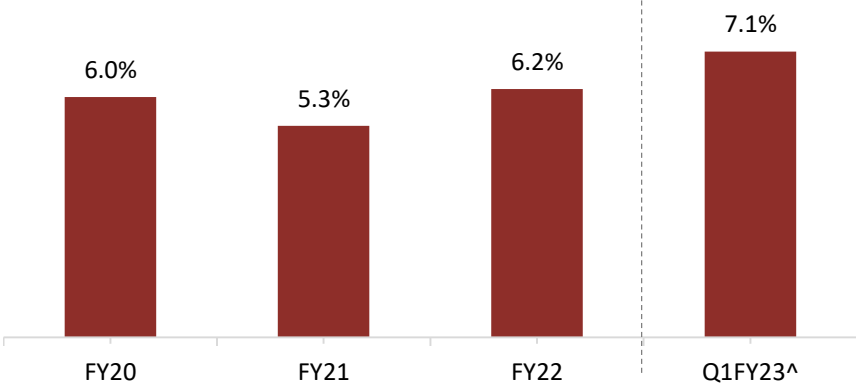
Cost to Income Ratio (%)



NII and PAT (Rs. crore)



Opex to Avg AUM (%)



*There is an extraordinary income on account of fair value change for investment in subsidiaries amounting to Rs. 351 crore during Q1FY23 ^Opex / AUM is temporarily high due to lower base on account of write-off done during quarter under review

Financial Details (Standalone)



Annexure - Financial Performance – Standalone



Particulars (Rs. crore)	Q1FY23	Q1FY22	Q4FY22	FY22	FY21
Gross yield ⁽¹⁾	41.38%	18.69%	21.10%	18.44%	17.57%
Financial Cost Ratio ⁽²⁾	9.39%	9.53%	9.53%	8.86%	8.47%
Net Interest Margin ⁽³⁾	31.99%	9.16%	11.57%	9.58%	9.10%
Operating Expense ratio ^{(4)*}	7.14%	5.73%	7.04%	6.20%	5.28%
Loan Loss Ratio ⁽⁵⁾	5.12% ⁽⁵⁾	8.98%	-0.84%	2.51%	3.96%
RoA ⁽⁶⁾	3.25%	-3.76%	3.27%	0.53%	-0.18%
RoE ⁽⁸⁾	14.71%	-19.74%	15.48%	2.60%	-0.92%
Leverage (Total Debt ⁽⁷⁾ / Total Net Worth)	3.3x	4.07x	3.4x	3.4x	4.1x
Cost to Income Ratio^	22.32%	62.54%	60.82%	64.76%	57.99%

Asset Quality (on-book)	Q1FY23	Q1FY22	Q4FY22	FY22	FY21
GNPA %	4.31	9.67	8.01	8.01	8.40
ECL %	7.89	8.44	6.70	6.70	5.11

1. Gross Yield represents the ratio of total Income in the relevant period to the Average AUM; adjusted gross yield (excluding extraordinary income of Rs. 351 crore) for Q1FY23 is 19.44%
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; adjusted NIM (excluding extraordinary income of Rs. 351 crore) for Q1FY23 is 10.05%
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; not annualised for Q1FY23 due to substantial write-off of Rs 275 crore
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 base on account of write-off done during quarter under review

^Cost to Income is low on account of extraordinary gain on fair value change for investment in subsidiaries amounting to Rs. 351 crore during Q1FY23

Annexure - P&L Statement – Standalone



Particulars (Rs. crore)	Q1FY23	Q1FY22	YoY%	Q4FY22	QoQ%	FY22	FY21	YoY%
Revenue								
Interest and Fee Income	266	291		263		1,109	1,031	
(Loss)/Gain due to DA	13	-		39		50	110	
Treasury Income*	375	15		22		65	66	
BC Income	2	7		2		19	35	
Other Operating Income	6	8		5		19	30	
Total Revenue	662	321	106.5%	331	100.2%	1,262	1,273	-0.9%
Expenses								
Finance Cost	150	163		149		606	614	
Employee Benefit Expenses	81	75		83		324	281	
Credit Cost & FLDG for BC	328	154		-13		172	287	
Other Expenses	30	20		23		87	88	
Depreciation and amortization expense	3	3		3		13	13	
Total Expenses	592	416		246		1,203	1,283	
Profit Before Tax	70	-95	173.3%	84	-17.2%	59	-10	708.1%
Tax expense	10	-24		25		19	4	
Profit After Tax	60	-71	184.5%	60	1.1%	40	-14	396.8%
Other comprehensive income net of taxes	1	-23		2		-29	-35	
Total Comprehensive Income	61	-94	164.8%	62	-0.7%	11	-48	122.8%

*includes an extraordinary income on account of fair value change for investment in subsidiaries amounting to Rs. 351 crore during Q1FY23

Financial Details (Subsidiaries)



Annexure - P&L Statement – SHFL



Particulars (Rs. crore)	Q1FY23	Q1FY22	Q4FY22	FY22	FY21
Revenue					
Interest and Fee Income	10.4	7.7	10.1	34.3	25.8
Treasury Income	0.4	0.1	0.2	0.8	0.3
Other income	1.0	0.6	1.4	3.0	3.5
Total Revenue	11.8	8.4	11.7	38.0	29.6
Expenses					
Finance cost	5.9	3.9	5.3	17.1	13.6
Employee benefit expenses	4.1	3.0	3.3	11.9	10.5
Credit Cost	0.1	0.1	0.1	1.0	0.1
Other expenses	1.2	0.8	1.1	3.5	2.9
Depreciation and amortization expenses	0.1	0.1	0.1	0.3	0.4
Total Expenses	11.4	7.8	9.9	33.8	27.5
Profit Before Tax	0.4	0.6	1.8	4.3	2.1
Tax expense	0.1	0.2	0.7	1.2	0.7
Profit After Tax	0.3	0.5	1.1	3.0	1.4
Other comprehensive income	0.0	-	0.3	0.0	0.0
Total Comprehensive Income	0.4	0.5	1.5	3.0	1.4

Annexure - P&L Statement – SFL



Particulars (Rs. crore)	Q1FY23	Q1FY22	Q4FY22	FY22	FY21
Revenue					
Interest and Fee Income	8.2	5.8	7.5	26.6	23.8
Treasury Income	0.1	0.0	0.3	0.6	0.4
Other income	0.6	0.1	0.2	0.4	0.6
Total Revenue	8.9	5.9	7.9	27.6	24.8
Expenses					
Finance cost	2.5	1.1	2.4	6.9	4.4
Employee benefit expenses	2.9	2.0	2.7	9.1	7.1
Credit Cost	0.8	1.7	0.3	4.1	3.3
Other expenses	1.3	0.8	1.1	4.3	3.3
Depreciation and amortization expenses	0.1	0.1	0.1	0.5	0.3
Total Expenses	7.6	5.7	6.6	24.9	18.4
Profit Before Tax	1.3	0.2	1.3	2.7	6.4
Tax expense	0.4	0.1	0.6	0.9	1.7
Profit After Tax	1.0	0.2	0.8	1.8	4.8
Other comprehensive income	-	-	0.0	0.0	0.0
Total Comprehensive Income	1.0	0.2	0.8	1.8	4.8

Annexure - P&L Statement – TFSL



Particulars (Rs. crore)	Q1FY23	Q1FY22	Q4FY22	FY22	FY21
Revenue					
Total Revenue	18.9	13.6	19.6	69.7	59.3
Expenses					
Finance Cost	1.7	1.1	1.5	5.6	4.5
Employee Benefit Expenses	11.9	11.4	11.1	47.8	39.1
Credit Cost	2.7	7.9	7.0	33.4	11.3
Other Expenses	2.3	2.0	4.5	11.1	10.0
Depreciation and amortization expense	0.2	0.4	0.4	1.6	1.5
Total Expenses	18.7	22.9	24.5	99.5	66.3
Profit Before Tax	0.2	(9.3)	-4.9	-29.7	-7.0
Tax expense	0.0	(2.3)	-1.2	-7.8	-2.0
Profit After Tax	0.2	(6.9)	-3.8	-22.0	-5.0
Other comprehensive income net of taxes	-	0.0	0.3	0.0	-0.2
Total Comprehensive Income	0.2	-6.9	-3.5	-21.9	-5.2

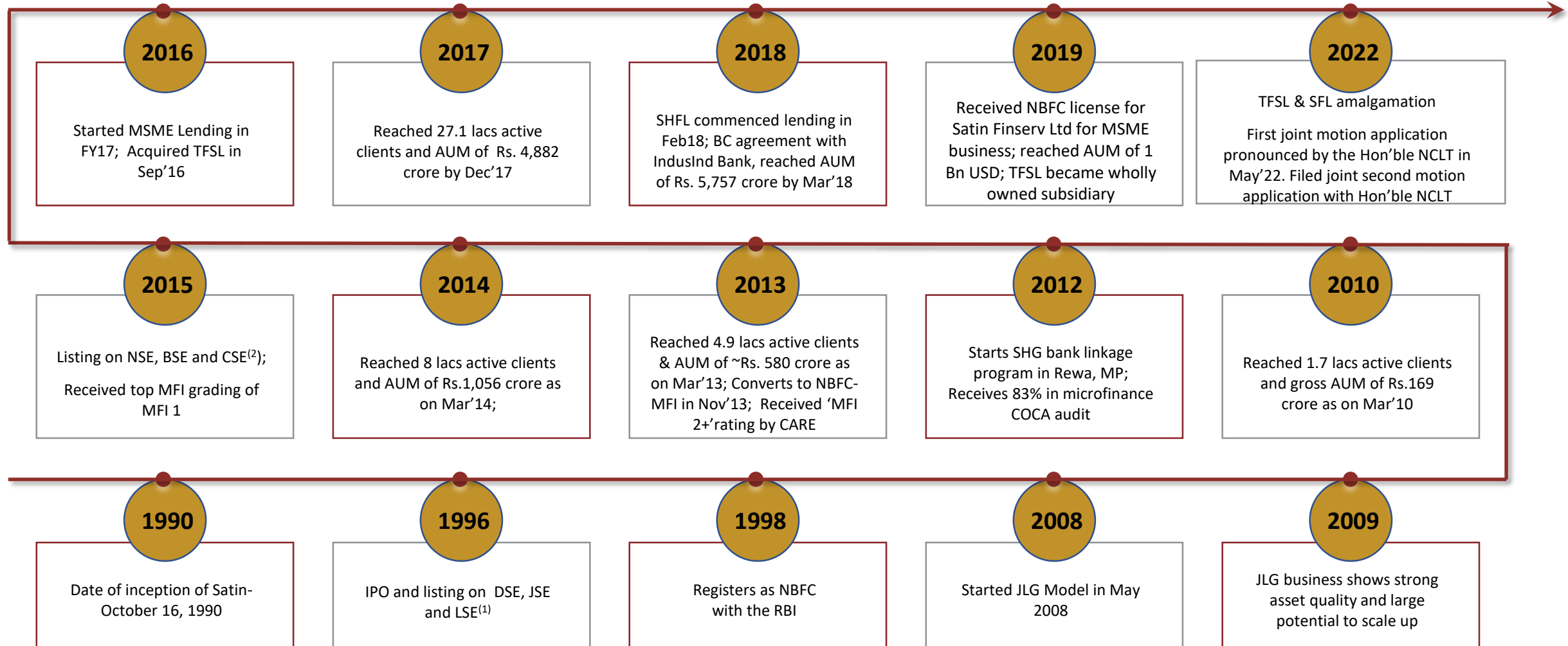
Company Background



Key Milestones



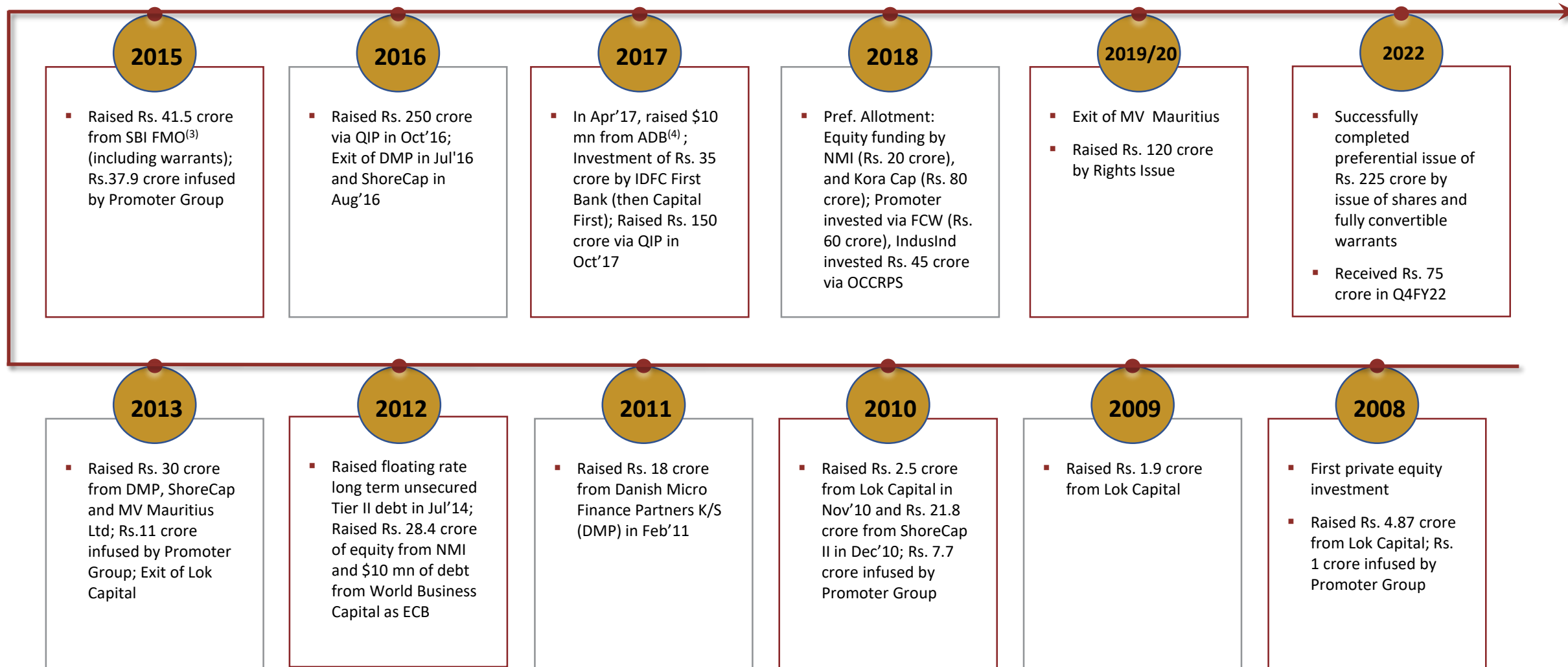
Business Timeline



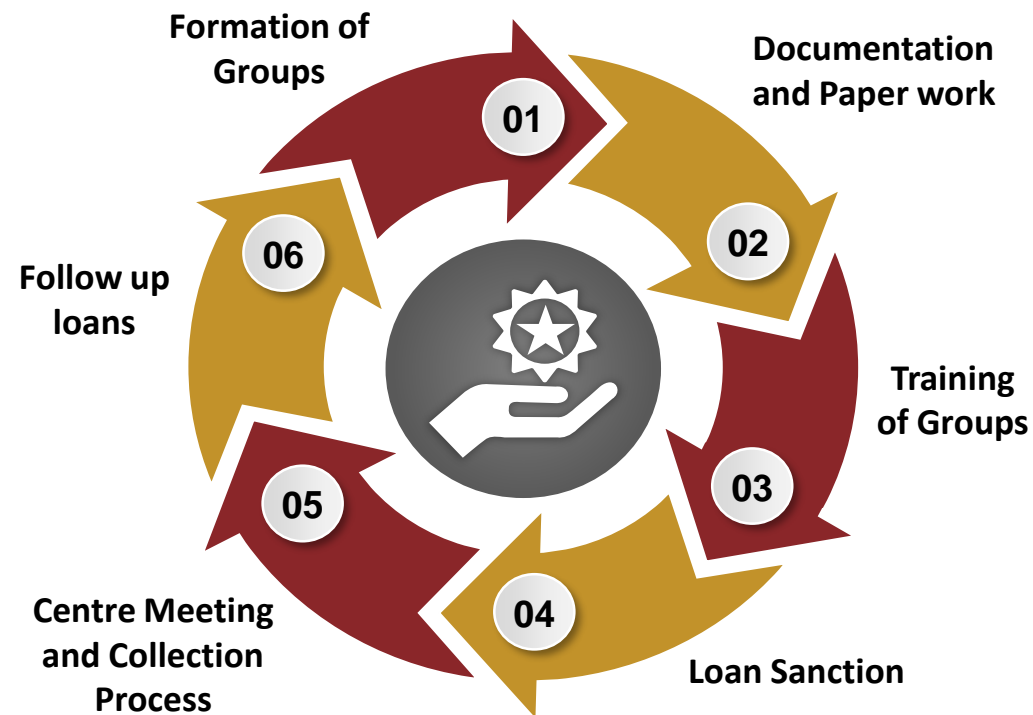
Key Milestones



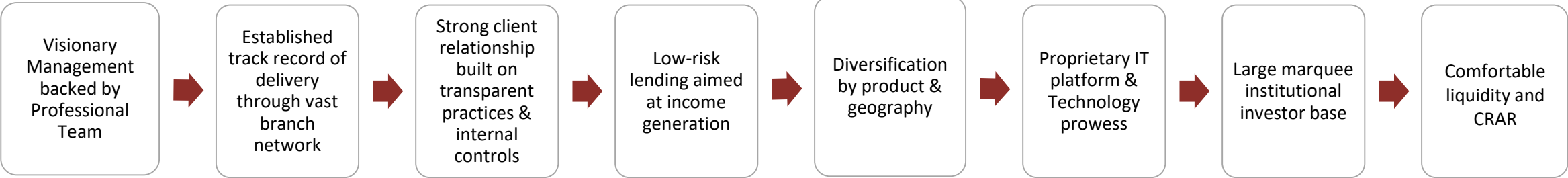
Fund Raising Timeline



Our Business Model



MICROFINANCE... & BEYOND



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

...With Customised Products as per Client Needs



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. 75,000

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

** Household shall mean an individual family unit, i.e. husband, wife and their unmarried children.*

Making a Difference to the Community



In the last 5 years, the Company has spent more than **Rs. 11 crore** in order to create a meaningful impact and contribute to a range of aspects that help enhance the lives of the community

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



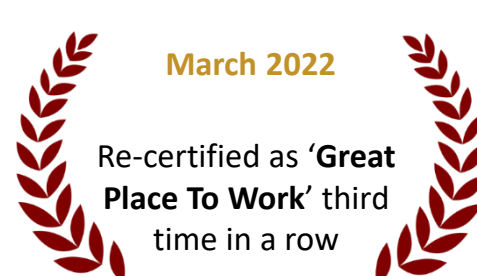
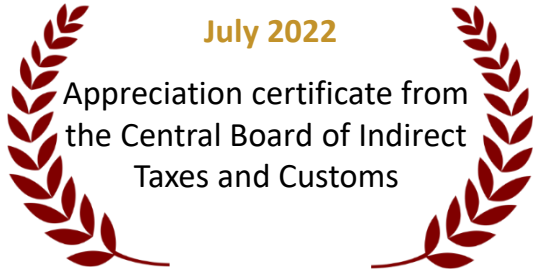
Flood Relief Activity

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

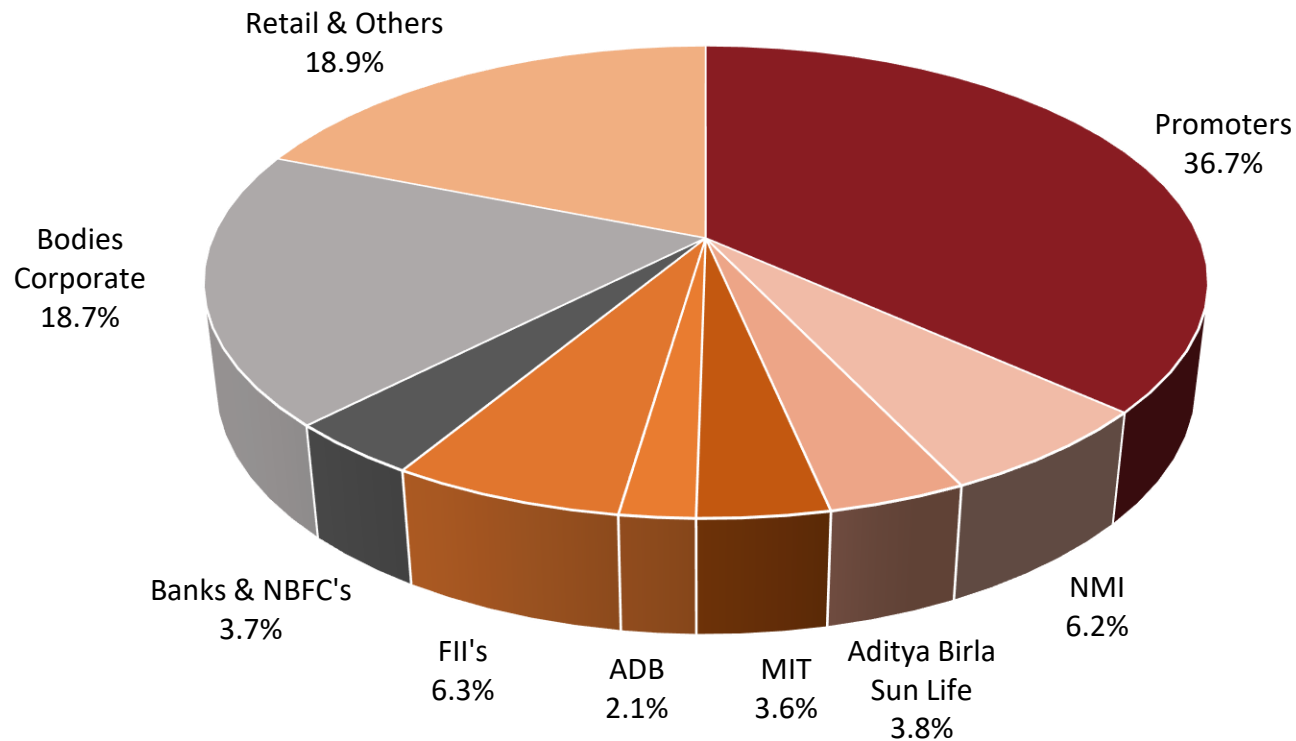


Awards and Accolades

- Mr. HP Singh was conferred as the '**Pillar of the BFSI Industry**' bestowed at the financial express Modern BFSI Summit 2022
- Mr. HP Singh received the '**CEO of the Year - Micro Finance Company**' Award
- Mr. HP Singh 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



Shareholding as on 30th June, 2022



No. of Equity Shares as on 30th Jun 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 25th 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

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

- 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



SCNL and the UN Sustainable Development Goals

Contact Information



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