



SATIN CREDITCARE NETWORK LTD.

Reaching out!

3rd August 2022, New Delhi

Satin Creditcare Network Limited (SCNL) (NSE: SATIN, BSE: 539404) has announced its unaudited financial results for the first quarter ended 30th June 2022. The financial numbers are based on IndAS.

Financial Performance (On a Standalone Basis)

Particulars (Rs. crore)	Q1 FY23	Q1 FY22	Q4 FY22
Assets under Management (AUM)	6,389	6,444	6,409
Net Interest Income (NII)	512	157	181
Pre-Provision Operating Profit (PPOP)	398	59	71
Profit / (Loss) After Tax (PAT)	60	(71)	60

- Our consolidated disbursement for the quarter stood at Rs. 1,709 crore as compared to Rs. 282 crore in Q1FY22 and Rs. 1,900 crore in Q4FY22
 - Micro-Finance disbursement for the quarter stood at Rs. 1,540 crore as compared to Rs. 235 crore in Q1FY22 and Rs. 1,592 crore in Q4FY22
- Backed by our cautious and calibrated approach in disbursement activities, we are steadily advancing towards the pre-covid levels. We disbursed loans to clients with regular repayment cycles and healthy credit history. No disbursement was made to delinquent clients
- Our Average Ticket Size of MFI Lending for the quarter stood at Rs. 41,000
- PAT for Q1FY23 stood at Rs. 60 crore as compared to a loss of Rs. 71 crore in Q1FY22
- Assigned Portfolio stood at Rs. 1,304 crore as on 30th June 2022

Footprints and Outreach (On a Consolidated Basis)

Particulars	Jun-22	Jun-21
States & UTs	23	23
Branches	1,224	1,264
No. of Employees	11,483	12,287
No. of Loan Officers	7,680	7,824
No. of Clients (Lakhs)	27.29	29.59

Reflecting Real Values of Subsidiaries

- Post demonetization in 2016, the Company strategized to diversify out of unsecured MFI Portfolio to secured product offerings through subsidiaries
- The strategy to diversify portfolio yielded results. However, the value so created was not reflected in the financials. Therefore, SCNL resorted to the fair value of its investment in subsidiaries as at 30th June 2022
- The fair valuation unlocked value of Rs. 351 crore, increasing the value of investment in subsidiaries from Rs. 288 crore (at cost) to Rs. 639 crore

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Capital Adequacy and Liquidity

- Our capital base is strong with a capital adequacy ratio of 22.6%
- During Q1FY23, the Company raised debt of Rs. 1,291 crore including Direct Assignment transactions of Rs. 399 crore
- The Company continues to maintain a healthy balance sheet liquidity of Rs. 1,071 crore and has undrawn sanctions worth Rs. 350 crore as on 30th June 2022

Borrowing Profile

- Total consolidated borrowings stood at Rs. 5,794 crore as on 30th June 2022
- Debt-to-equity ratio as of 30th June 2022 stood at 3.3x
- The Company's reliance on NBFC funding is 5% of total borrowings and has significantly reduced its reliance on the higher cost of funding
 - 65% of our borrowings are from Banks

Collection Efficiency

- Collection efficiency for Q1FY23 stood at 97.3% (excluding restructured portfolio)
- Top 4 states (UP, Bihar, MP and Punjab) comprise of 53.6% of the Company's AUM; collection efficiency stood at 98.0% for Q1FY23

Asset Quality

- On-book Gross Non-Performing Asset stood at 4.3% as compared to 8.0% as on 31st March 2022
- The Company has written-off loans amounting to Rs. 274.5 crore during the quarter i.e. 5.4% of on-book AUM
- We have made adequate provisioning of 7.9% of on-book portfolio

Subsidiaries

- Taraashna Financial Services Limited, which provides Business Correspondent services, has an AUM of Rs. 674 crore. As of 30th June 2022, the Company operates through 155 branches and has ~3.4 lakh active loan clients
- Satin Finserv Ltd, the Company's MSME lending arm has reached an AUM of Rs. 176 crore
- Satin Housing Finance Ltd, has now reached an AUM of Rs. 331 crore including DA of Rs. 27 crore, having a presence across 4 states with 3,810 customers
 - SHFL has 100% retail book comprising of 66% affordable housing loans and 34% of LAP
 - The Company has 16 active lenders including NHB refinance
 - CRAR of 54.7% and gearing of 2.2x. Total equity stands at Rs. 102 crore
- All the companies are profitable during Q1FY23

Scheme of Arrangement

- The Board of Directors of two wholly owned subsidiaries of the Company namely, **Taraashna Financial Services Limited and Satin Finserv Limited**, at their respective meetings have considered and approved a draft Scheme of Arrangement for **Amalgamation of Taraashna Financial Services Limited ("Transferor Company") with Satin Finserv Limited ("Transferee Company") and their respective shareholders and creditors ("Scheme")** under Sections 230 to

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232 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act and rules made thereunder

- 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.

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

"The first quarter ascertained our belief that the challenging times are now behind us. We have witnessed a very strong demand from our clients coupled with rekindled interest from the lenders and industry fraternity. We are confident of having a very good year in terms of growth and profitability. During the period under review, despite writing off loans amounting to 5.4% of on-book AUM, our gross AUM remained on similar levels as of March 2022, GNPA reduced to 4.3%, capital adequacy remains healthy, and we registered a PAT of Rs. 60 crore. Furthermore, the Company has created sufficient provisions to address any contingency in its portfolio and the P&L stands insulated from any additional stress that may come in.

In line with our long-term strategy of diversification, the non-MFI portfolio has grown from 1.3% to 12.1% in last four years. Our subsidiaries with the right approaches and offering the right solutions to the people who are in need of these solutions are leading to a profitable mark.

In the coming months, our focus will be on re-establishing our growth trajectory amid the evolving global economic outlook. The key proponents in this process will be enhanced flexibility to set lending rates and rising demand of loans from rural India. These will further help in deeper penetration into existing markets. Furthermore, frameworks such as Scale Based Regulation, Income Recognition and Asset Classification, Prompt Corrective Action, and information security will ensure a risk-adjusted healthy growth."

About Satin Creditcare Network Limited

Satin Creditcare Network Limited (SCNL or Satin) is a leading microfinance institution (MFI) in the country with presence in 23 states & union territories and around 89,500 villages. The Company mission is to be a leading micro financial institution by providing a comprehensive range of products and services for the financially under-served community. The Company also aims to lead in gender empowerment by leveraging on technology and innovation that forge sustainable strategic partnerships.

The Company also offers a bouquet of financial products in the Non-MFI segment, comprising of loans to MSMEs, a housing finance subsidiary, and business correspondent services and similar services to other financial institutions. Taraashna Financial Services Limited is a business correspondent company and a 100% subsidiary of SCNL. In April 2017, SCNL incorporated a wholly owned housing finance subsidiary (Satin Housing Finance Limited or "SHFL") for providing loans to the affordable housing segment. In January 2019, it received separate NBFC license to commence MSME business through Satin Finserv Limited. As of March 2022, SCNL had 1,224 branches and a headcount of 11,483 across 23 states and union territories serving 27 lakh clients.

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Disclaimer

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Satin Creditcare Network Ltd.

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