



SATIN CREDITCARE NETWORK LTD.
Reaching out!

Investor Presentation
October 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



Key Business Updates (1/2)



Restructured Book

- Restructured book has reduced from Rs. 1,151 crore i.e. 21.4% as on Sep'21 to 6.4% of on-book AUM as on Sep'22 amounting to Rs. 318 crore. The reduction is due to Rs. 495 crore of collections and Rs. 338 crore of write-offs done
- Out of Rs. 318 crore, Rs. 197 crore is 0 dpd
- Collection efficiency in the restructured book for H1FY23 stood at 77.6%

AUM and Disbursement

- **Consolidated AUM grew 3% YoY to reach at Rs. 7,575 crore;** standalone AUM grew 2% YoY, stood at Rs. 6,417 crore for Q2FY23
- The Company has written-off loans amounting to Rs. 209 crore during Q2FY23; totaling to Rs. 483 crore during H1FY23. No impact on P&L during Q2FY23 because of the write-off
- Pre-write off growth of 9% on a YoY basis in standalone AUM
- For Q2FY23, disbursement stood at Rs. 1,709 crore on consolidated basis

Asset Quality & Provisions

- **On-book GNPA stood at Rs. 198 crore (3.96% of on-book portfolio). Assam constitutes ~70% of on-book GNPA i.e. Rs. 137 crore; excluding Assam GNPA stood at 1.2%; relief expected from Government of Assam as per MoU signed**
- The Company has sufficient on-book provisions amounting to Rs. 148 crore as on Q2FY23, which is 3.0% of on-book AUM
- The write-offs done during the quarter were primarily from the provisions, hence no hit to the P&L
- During H1FY23, collection against write-offs was ~Rs. 16 crore
- **PAR 90 addition of portfolio originated from loans disbursed from Jul'21 onwards was 0.2%; representing ~84% of on-book MFI AUM as on Q2FY23**

Key Business Updates (2/2)



Collection Efficiency

- **Cumulative collection efficiency for Q2FY23 stood at 100.2% (excluding restructured portfolio), representing ~94% of on-book portfolio**
 - Collection efficiency of restructured portfolio for Q2FY23 stood at 77.7%, representing ~6% of on-book portfolio
- Collection efficiency in top 4 states (Uttar Pradesh, Bihar, Madhya Pradesh and Punjab) stood at 99.9%; representing 54.0% of AUM

Fund Raise & Liquidity

- **Rs. 25 crore infused by promoters in Q2FY23;** till date received Rs. 100 crore out of Rs. 225 crore of preferential allotment via issue of equity shares and fully convertible warrants
- Till date, the Company did a fundraise of Rs. 2,847 crore from various lenders; sufficient liquidity of ~Rs. 700 crore as on 30th Sep'22
- The Company is well capitalized with a CRAR of 24.1% as on Q2FY23, up from 22.6% in Q1FY23

Other Updates

- Book Value Per Share at Rs. 221 on standalone basis
- The Company has moved towards a more robust, scalable, secured and completely paperless technological journey with the advent of AWS into the system
- Ministry of finance in consultation with UIDAI & RBI has authorized SCNL to perform Aadhaar authentication of client (e-KYC)
- All the group companies are profitable in Q2FY23
- 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

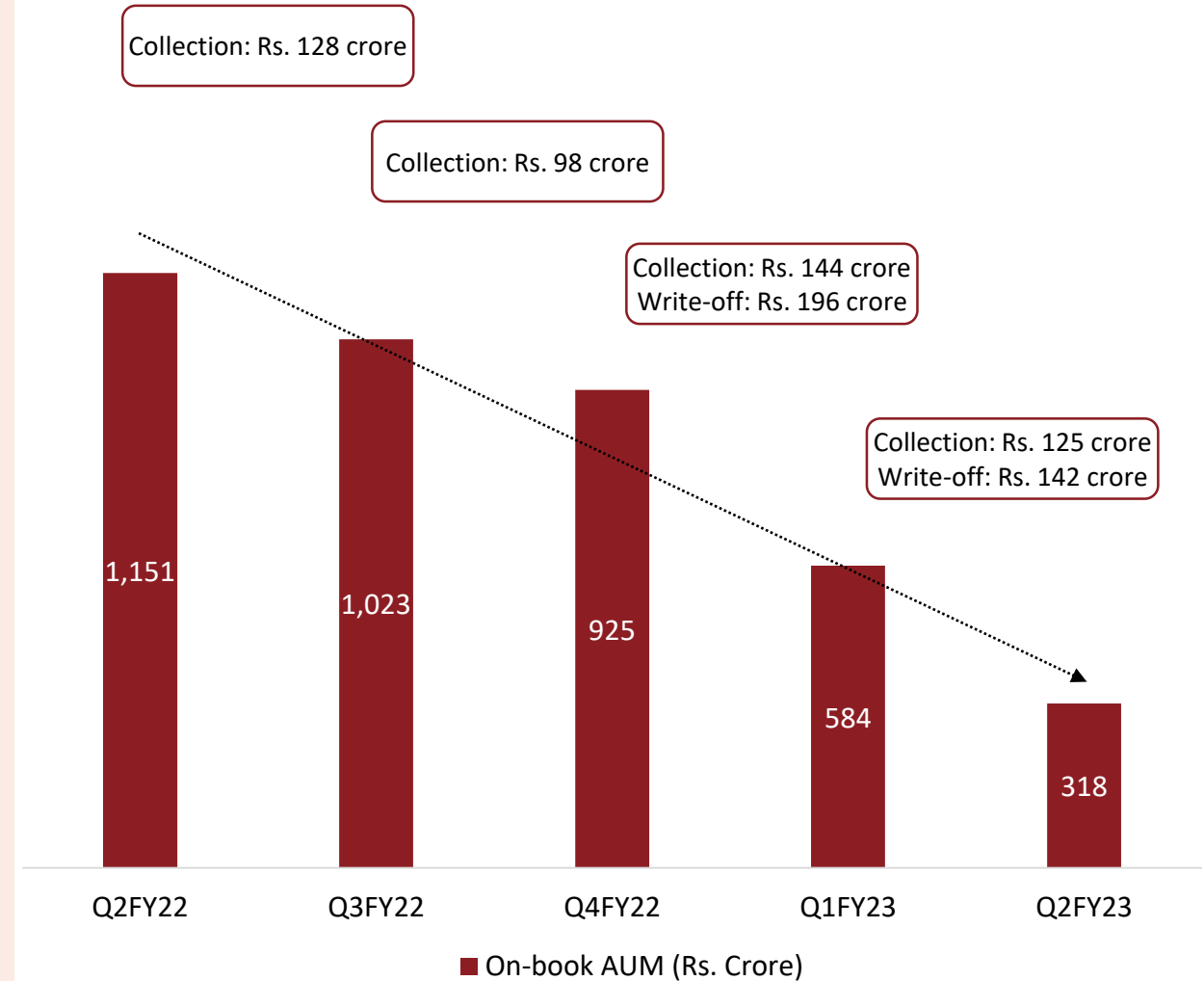
Commitment to Sustainability

- Certified by D-light for creating social impact in the community
- Awarded Certificate of Excellence in Clean Energy Finance as a part of the UNFCC's Clean Development Program (CDM)
- Disbursed ~1,01,000 bicycles and ~4,00,000 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

Pain from Pandemic completely taken care of



- Restructured book reduced from Rs. 1,151 crore as on Sep'21 to Rs. 318 crore as on Sep'22; in percentage terms reduced from 21.4% to 6.4% of on-book portfolio
- During last one year, collected Rs. 495 crore from restructured book
- Post monitoring the performance of this portfolio, the company decided to write-off loans amounting to Rs. 338 crore during H1FY23
- As on Q2FY23
 - 62% of the book is 0 dpd i.e. Rs. 197 crore
 - 22% is in 1-90 bucket i.e. Rs. 69.5 crore
 - 16% is PAR 90 i.e. Rs. 50.8 crore; excl. Assam Rs. 8.5 crore
- Provision on restructured book is Rs. 76 crore
- No further stress expected in the restructured book



Breakup of Restructured Book



Incl. Assam

Particulars (Rs. crore)	Total	Non-Morat (Repayment of 12 months)	Morat* (Repayment of 6 months)
POS	317.5	165.3	152.2
<i>Current</i>	<i>197.2</i>	<i>135.0</i>	<i>62.2</i>
<i>PAR 1-90</i>	<i>69.5</i>	<i>15.5</i>	<i>54.0</i>
<i>Par 90+</i>	<i>50.8</i>	<i>14.8</i>	<i>35.9</i>
Provision	75.8	20.2	55.6

Excl. Assam

Particulars (Rs. crore)	Total	Non-Morat (Repayment of 12 months)	Morat* (Repayment of 6 months)
POS	260.8	151.3	109.5
<i>Current</i>	<i>188.2</i>	<i>130.6</i>	<i>57.6</i>
<i>PAR 1-90</i>	<i>64.1</i>	<i>14.7</i>	<i>49.4</i>
<i>Par 90+</i>	<i>8.5</i>	<i>6.0</i>	<i>2.5</i>

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 AMFIRS**

- 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
- Relief to Category 2 has been released by the Government of Assam
- Discussions started for Category 3, ground work is expected to start soon thereafter. Disbursement to this category is expected to be completed by Q4FY23

Q2FY23 Update

- On-book AUM of Rs. 237 crore i.e. 4.7% of on-book AUM
- On-book GNPA of Rs. 137 crore
- The Company has started disbursing to good clients; disbursement in H1FY23 stood at Rs. 85 crore
- New PAR 1 addition from disbursement made is 0.07% as on Q2FY23

Business Trends...



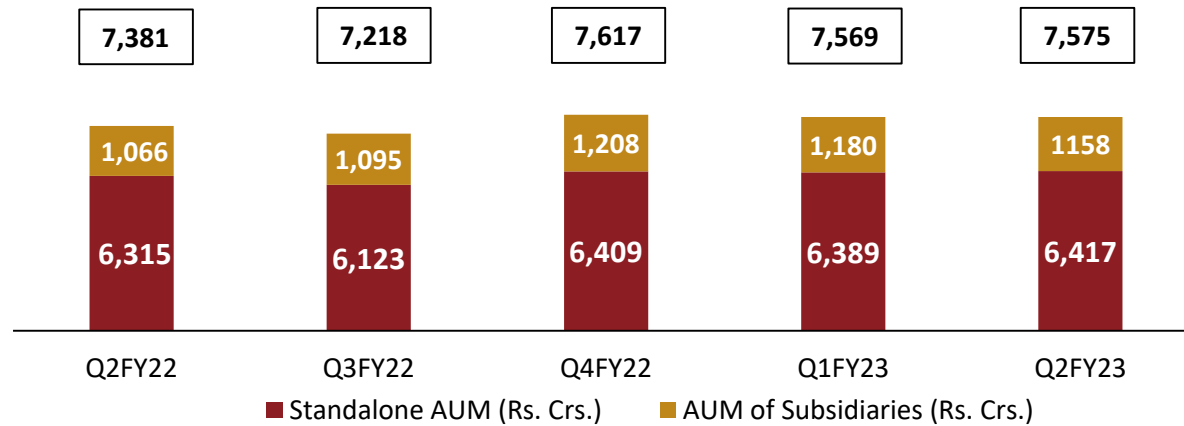
Rs. **7,575** crore
AUM*

Rs. **1,709** crore
DISBURSEMENT in Q2FY23

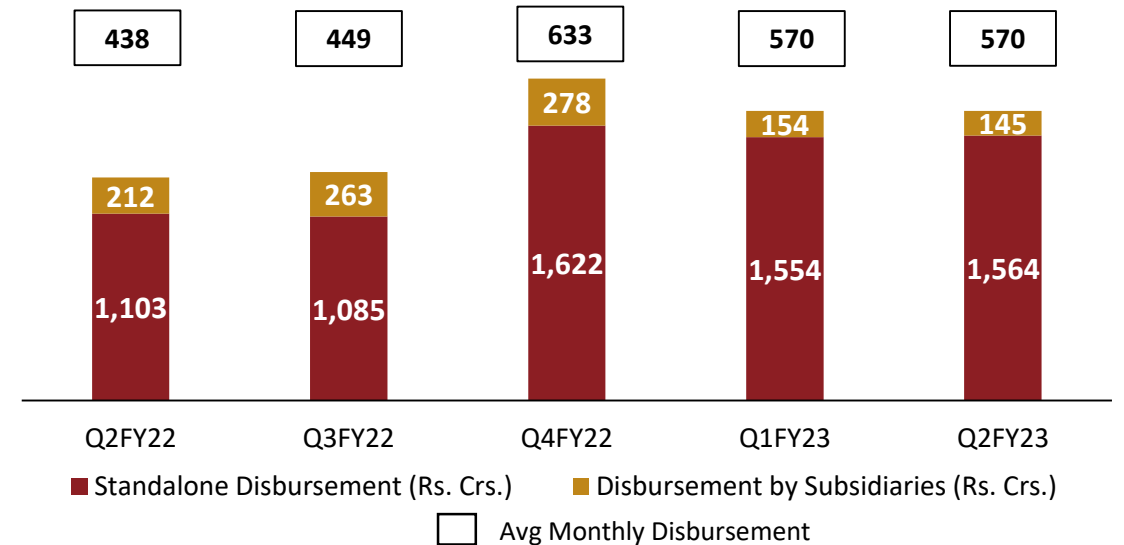
26.8 Lacs
ACTIVE CUSTOMERS

1,237
NO. OF BRANCHES

Asset under Management Trends (Q-o-Q)



Disbursement Trends (Q-o-Q)



Standalone Information:

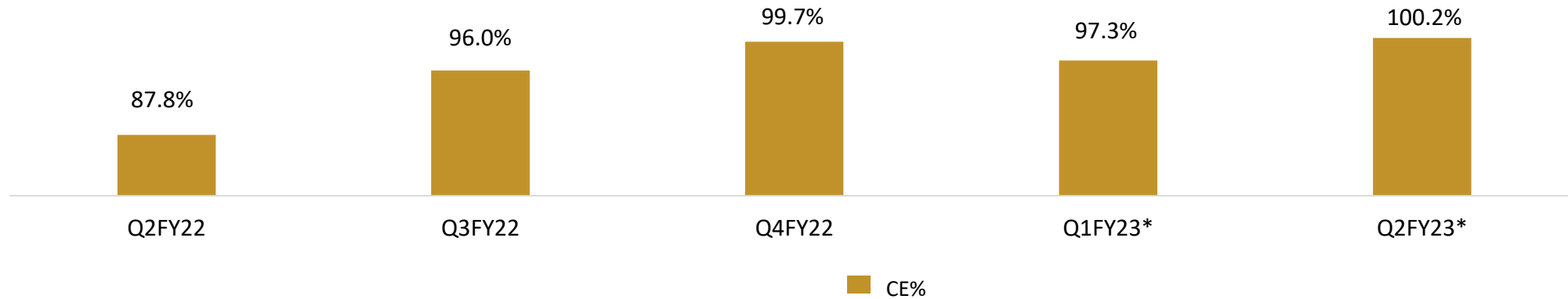
- AUM grew 2% YoY, stood at Rs. 6,417 crore as on Q2FY23
- With disbursements back on track, growth to come in the coming quarters
- Disbursement for Q2FY23 stood at Rs. 1,564 crore
- Have started acquiring new clients, 37% of disbursement in Q2FY23 was to first cycle clients

...Trends in Collection Efficiency



Collection Efficiency Trends

Quarter on Quarter



Collection Efficiency Trends in Key States – 54.0% of AUM

States	CE % (Incl. Arrears)					
	Apr-22*	May-22*	Jun-22*	Jul-22*	Aug-22*	Sep-22*
Uttar Pradesh	102%	98%	99%	99%	102%	98%
Bihar	98%	98%	99%	99%	100%	101%
Madhya Pradesh	98%	97%	98%	99%	102%	101%
Punjab	91%	90%	96%	97%	100%	98%
Total	99%	97%	99%	99%	101%	99%

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

*Excluding Restructured Portfolio

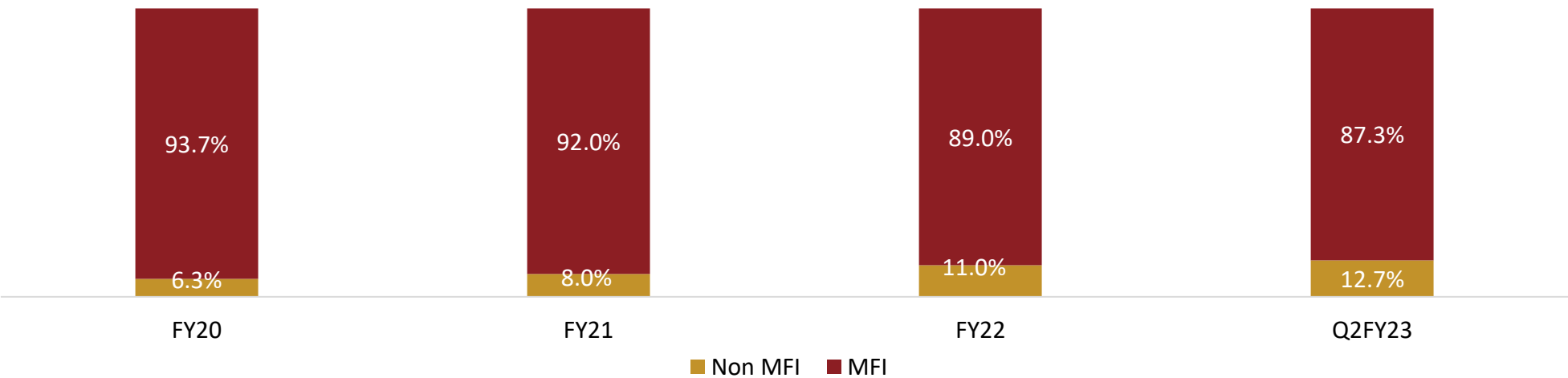
Diversifying to Secured Assets – Future Upside Potential



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. 603 crore in Q2FY23 (i.e. 60% growth)
 - Housing Finance Book grew from Rs. 139 crore in FY20 to Rs. 362 crore in Q2FY23 (i.e. 161% growth)
 - The strategy to diversify portfolio is yielding results.

Non-MFI Portfolio



Satin Housing Finance Limited

AUM grew by 47% in Q2FY23 YoY to reach Rs. 362 crore
Q2FY23 disbursement stood at **Rs. 59 crore**

SHFL had 2 successive profitable years despite challenging business environment, *PAT for Q2FY23 stood at Rs. 0.5 crore*

No Restructuring done

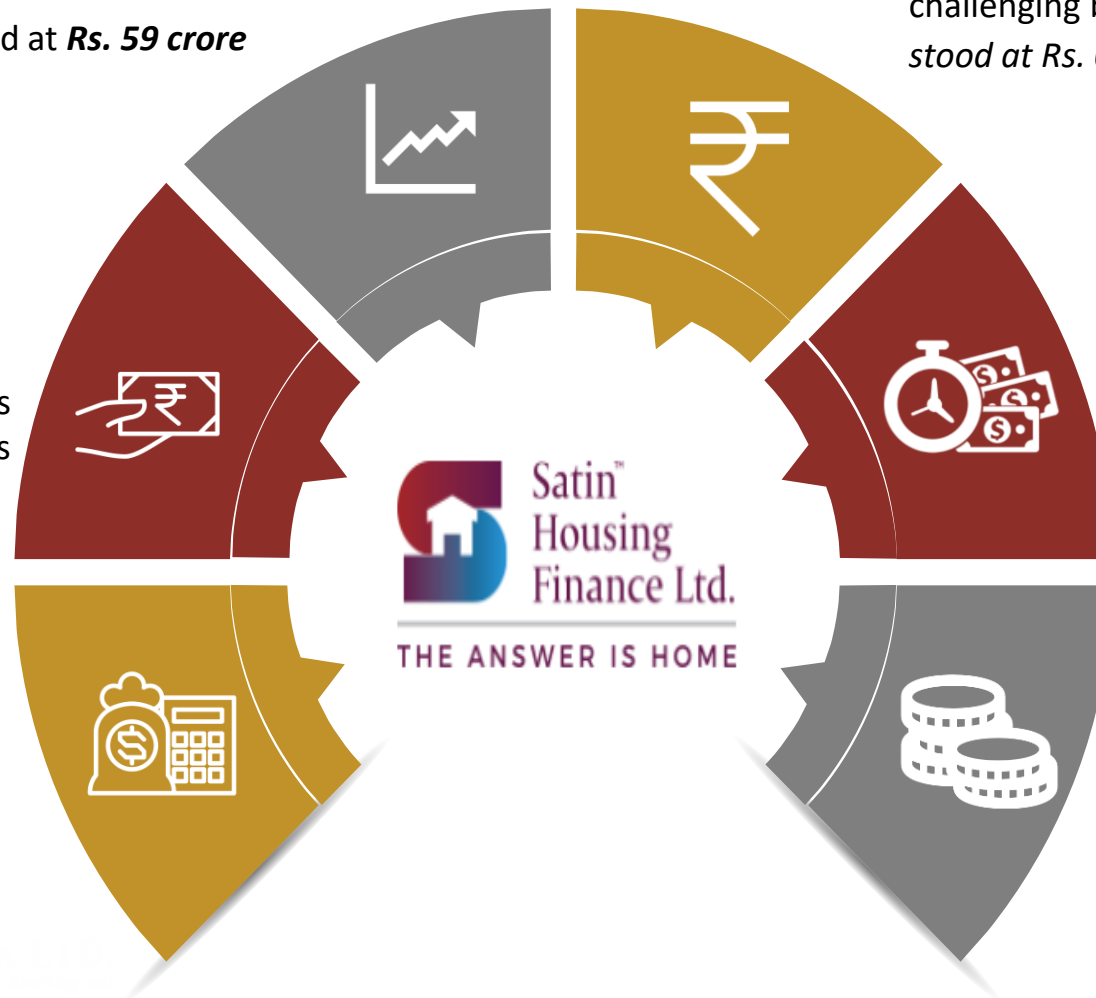
Quality of portfolio remains intact with GNPA of 0.4% as on Sep'22

Healthy **CRAR 59.45%**
No ALM mismatch

No willful default or fraud since inception

Eligible for SARFAESI enforcement

17 lenders including NHB refinance



Update on Subsidiaries – TFSL & SFL



Taraashna Financial Services Limited

- ✓ Collection efficiency for Sept'22 stood at 101%
- ✓ Disbursement stood at Rs. 64 crore for Q2FY23
- ✓ Sourcing business for SCNL under Nai Roshni
- ✓ PAT for H1FY23 stood at Rs. 0.3 crore
- ✓ Slow down in BC business to achieve Principal Business Criteria (PBC) in the merged entity



Satin Finserv Limited

- ✓ AUM growth of 33% YoY in Q2FY23 to reach Rs. 184 crore
- ✓ Healthy CRAR of 58.8%
- ✓ Cumulative collection efficiency in Q2FY23 stood at 98.4%
- ✓ GNPA of 4.9%; ECL of 3.3%; 2.8% loans restructured
- ✓ PAT for H1FY23 stood at Rs. 2.2 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. The Company has served the notices to government authorities and completed publication in requisite newspaper as per order. The next hearing is on November 25, 2022.*

*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 – Q2FY23



Rs. **1,564** crore

DISBURSEMENT

24.8 Lacs

LOAN ACCOUNTS
OUTSTANDING



23

STATES & UT's

1,039

BRANCHES

3.6 Lacs

NO. OF LOANS DISBURSED



Rs. **6,417** crore

AUM



24.1%

CAPITAL ADEQUACY

3.0%

RETURN ON ASSETS^



Rs. **55** crore

PROFIT AFTER TAX

Rs. **43,000**

AVERAGE TICKET SIZE*

12.8%

RETURN ON EQUITY^

Corporate Overview Consolidated – Q2FY23



28.3 Lacs

LOAN ACCOUNTS
OUTSTANDING



1,237

BRANCHES



Rs. **1,709** crore

DISBURSEMENT



Rs. **7,575** crore

AUM



23

STATES & UT's



Rs. **360** crore

REVENUE



Rs. **216** 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 Sep'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	10
No. of Branches	1,036*	157	24	17
AUM (Rs. crore)	5,998 ⁽⁵⁾	612	362	184
No. of loan accounts	24,83,945	3,29,906	4,291	6,585
Avg. Ticket Size for Q2FY23	Rs. 43,000 (JLG)	Rs. 38,700	Rs. 8,33,769	Rs. 1,72,000 (Retail)

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. 419 crore other than MFI portfolio

*There were 1,036 branches with Microfinance operations & 20 branches with MSME operations. Out of the 20 MSME branches, 17 of them also had microfinance operations & 3 was unique

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

Financing ~Rs. 97 crore during H1FY23, business started picking up

Enriching Lives



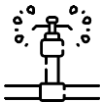
Green Loans

922 loans disbursed



Consumer Durables

17,010 loans disbursed



Water & Sanitation

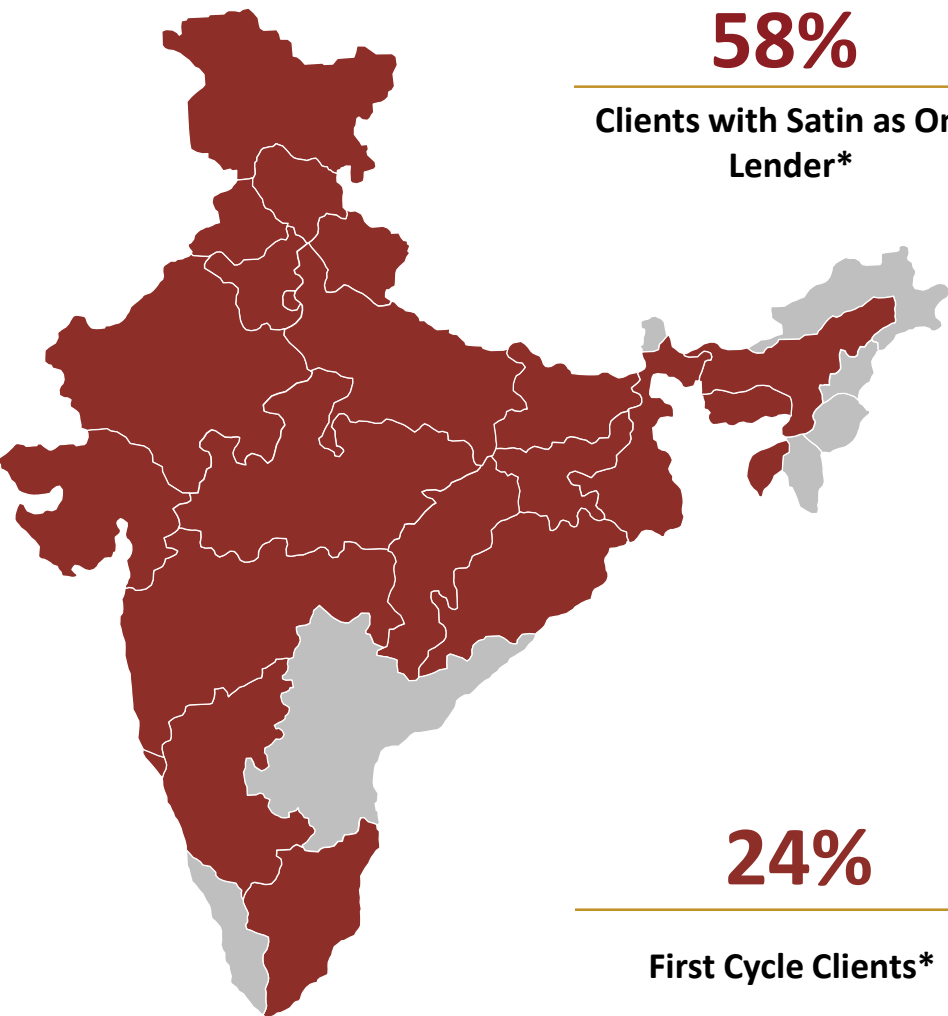
39,099 loans disbursed

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



58%

Clients with Satin as Only Lender*

26.8 Lacs

No. of Active Clients

28.3 Lacs

No. of Loan Accounts

397

No. of Districts

89,500

No. of Villages

76

No. of Regional Offices

3.1 Lacs

No. of Centres

24%

First Cycle Clients*

6,996

No. of Loan Officers

10,555

No. of Employees

On Consolidated basis

*at the time of disbursement, data is for JLG Standalone only. Considering only MFI

...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 Q2FY23 (Rs. crore)
	FY16	Q2FY23	
UTTAR PRADESH	40.9%	25.6%	1,939
BIHAR	17.7%	14.3%	1,081
MADHYA PRADESH	15.5%	7.5%	567
PUNJAB	12.7%	6.6%	501
UTTARAKHAND	3.2%	1.6%	125
JAMMU & KASHMIR	0.1%	0.1%	6
	90.2%	55.7%	4,218

State	% of total AUM		AUM Q2FY23 (Rs. crore)
	FY16	Q2FY23	
DELHI & NCR	2.0%	6.7%	505
RAJASTHAN	2.3%	5.7%	435
WEST BENGAL	0.1%	5.0%	383
HARYANA	1.9%	3.7%	277
GUJARAT	0.5%	3.2%	239
MAHARASHTRA	1.6%	2.8%	211
JHARKHAND	0.7%	2.5%	188
CHHATTISGARH	0.6%	1.3%	100
HIMACHAL PRADESH	0.0%	0.0%	4
	9.7%	30.9%	2,341

State	% of total AUM		AUM Q2FY23 (Rs. crore)
	FY16	Q2FY23	
ASSAM	0.0%	4.1%	310
TAMIL NADU	0.0%	3.2%	242
ORRISA	0.0%	3.9%	297
KARNATAKA	0.0%	1.3%	102
TRIPURA	0.0%	0.7%	55
PONDICHERRY	0.0%	0.1%	4
SIKKIM	0.0%	0.0%	4
MEGHALAYA	0.0%	0.0%	3
	0.0%	13.4%	1,016

...And de-risking geographical concentration

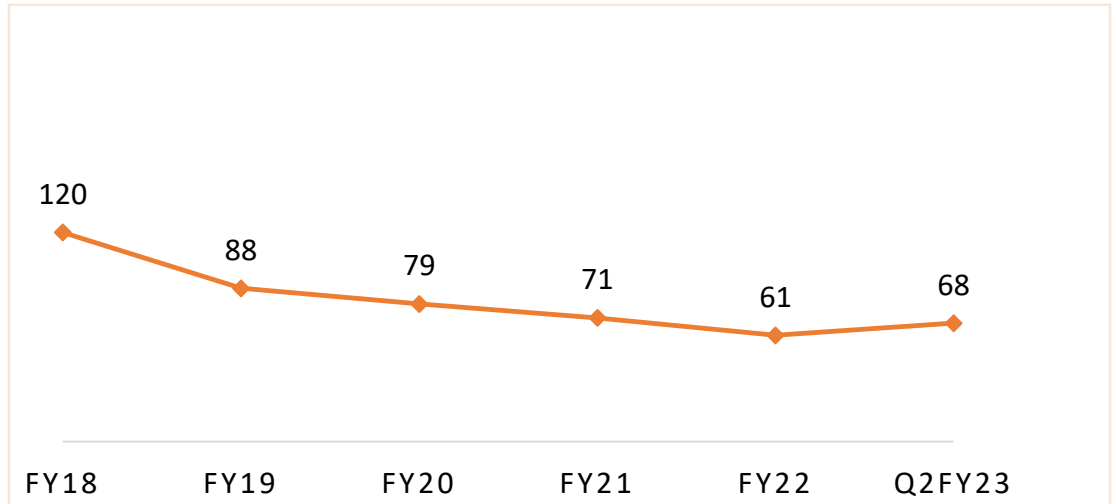
To remain a PAN India Player



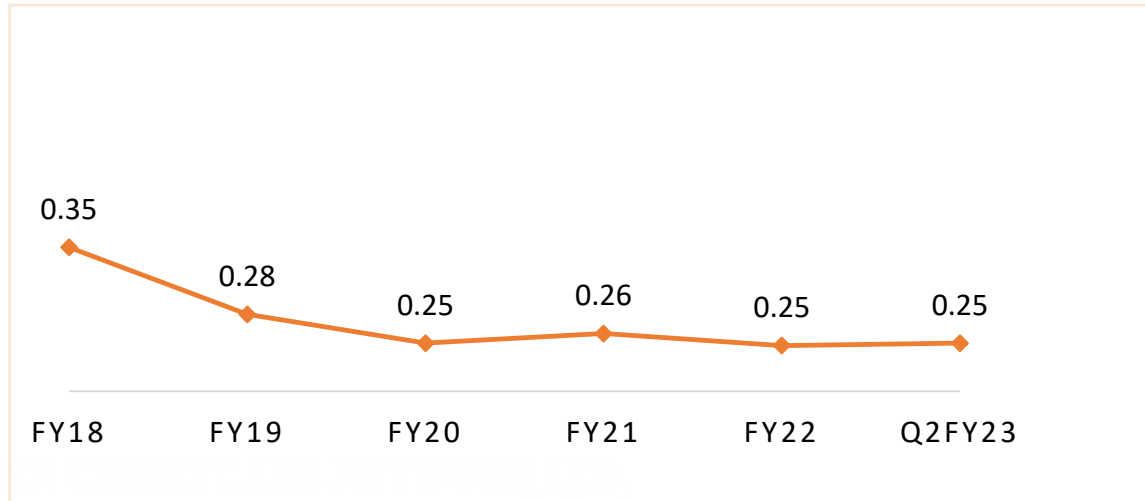
Limiting Exposure per district

Particulars	FY18	FY19	FY20	FY21	FY22	Q2FY23
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%	0.2%

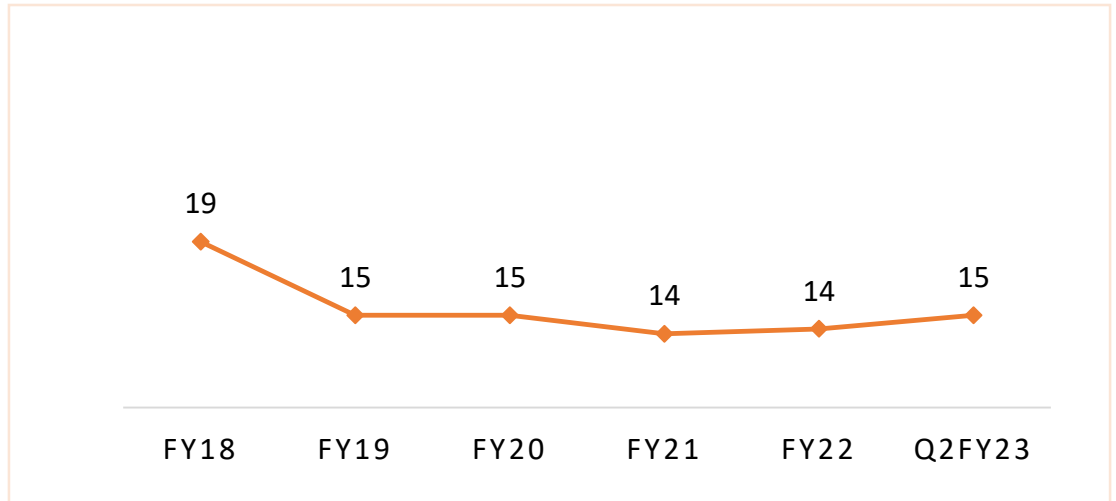
% of Top 10 Districts to Network



Average exposure per district %



% of Top 10 Districts to AUM



3. Technology Prowess



AePS Mode

Aadhar enabled Payment System, a strong lever to facilitate digital repayment of loan installments during the center meetings through Aadhar authentication using biometric devices

Website

- Payment gateway on the SCNL website
- Clients temporarily migrating for business are able to make timely payments

UPI 2.0

- First in the industry to launch UPI 2.0 autopay
- One time registration & hassle-free auto debits make it a great substitute to E-NACH
- no burden of paying any bouncing charges on the client



1

2

3

4

5



CSA

In-house developed Customer Service Application for easy repayment through various payment apps on a secured platform



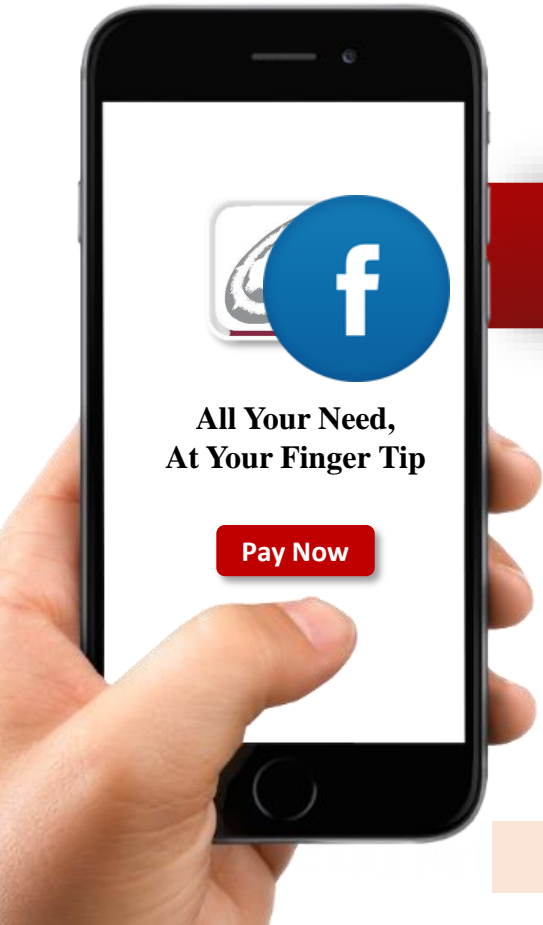
QR Code

- QR Code on Loan Card has ensured seamless collection of EMIs.
- Client can now pay her EMIs by just scanning the QR Code

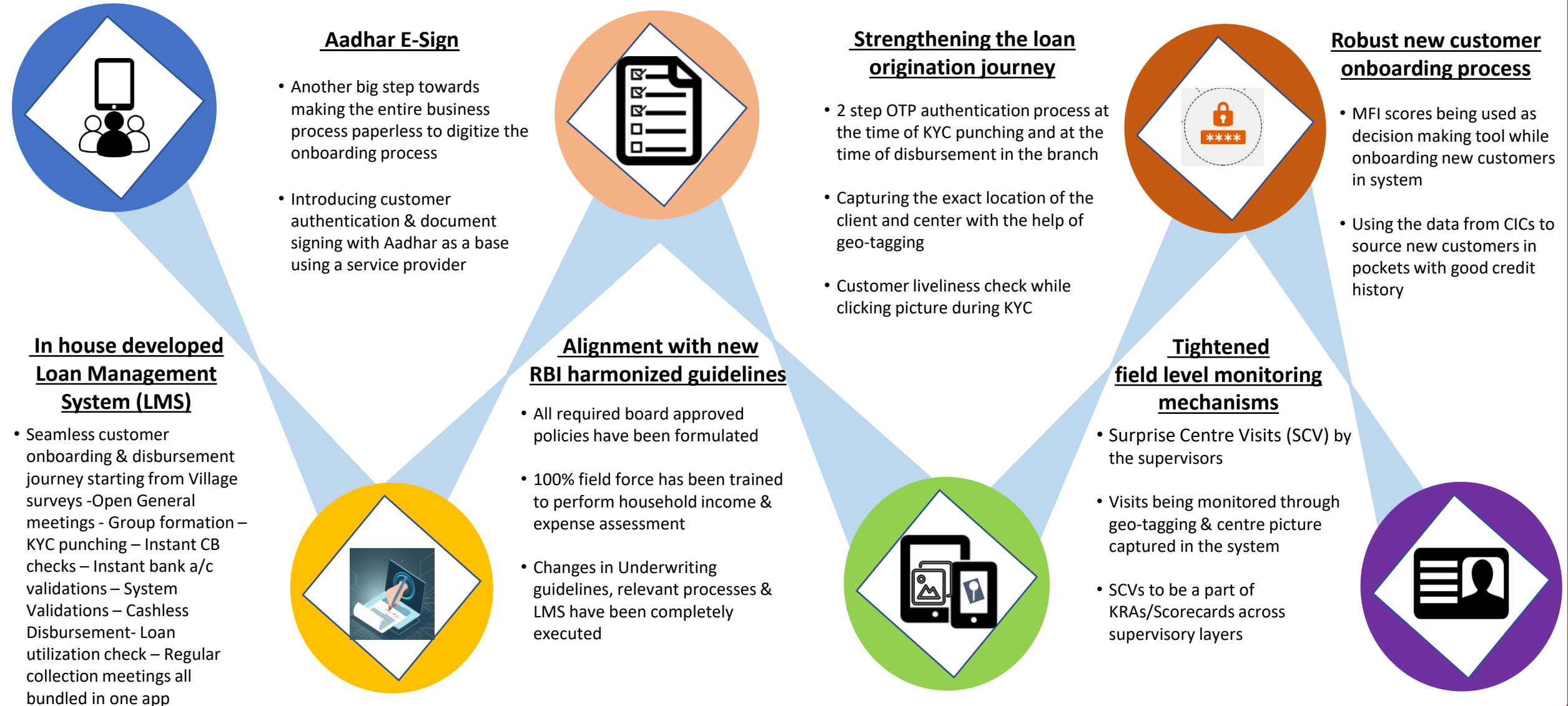


The entire cashless ecosystem revolves around UPI.

ISO 27001:2013 certified Information Security Management System (ISMS)



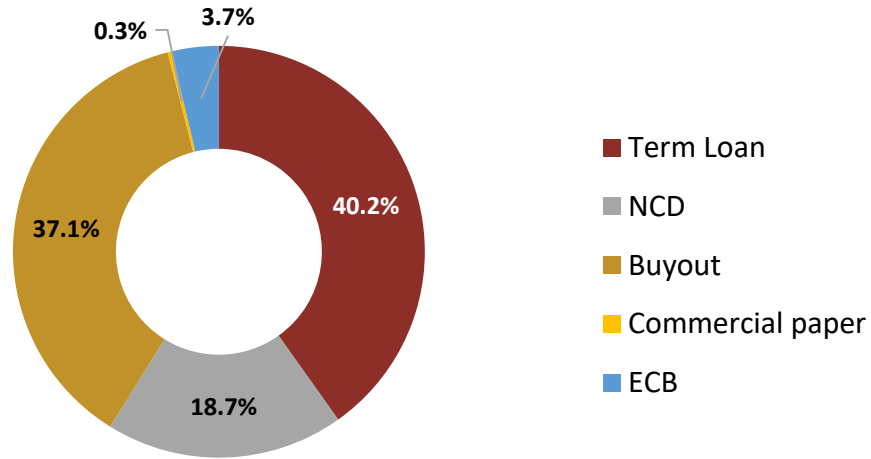
4. Continuous Process Re-engineering



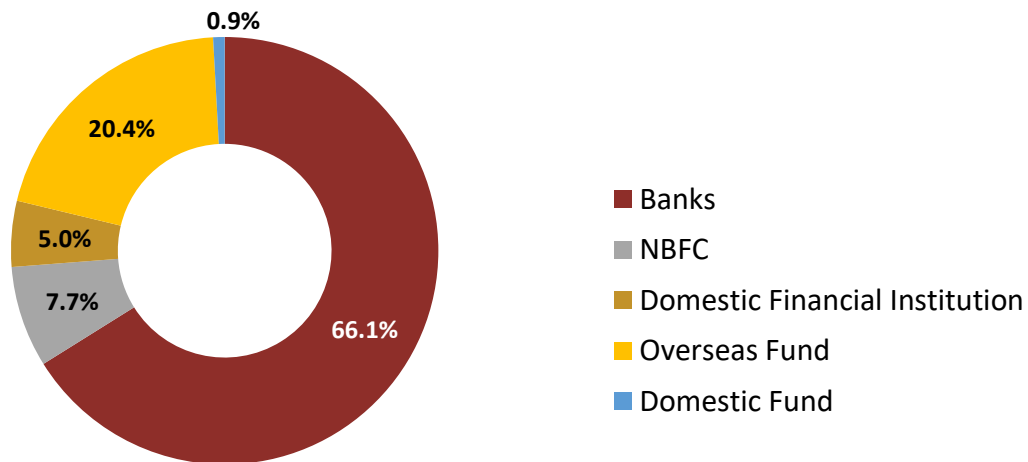
5. We have a well-diversified Liability Profile... ...insulated from Capital Market Turbulence



Product-wise Sep'22



Lender-wise Sep'22



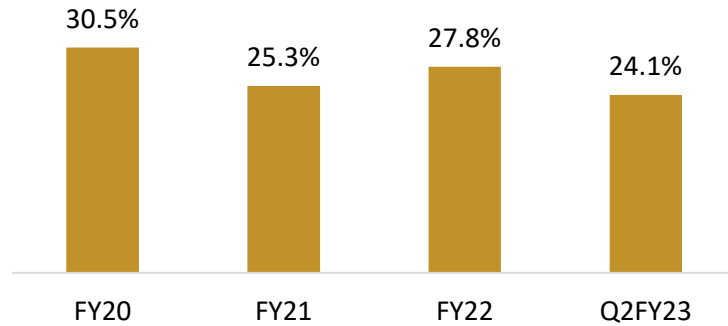
Large Lender Base 57 Active Lenders

Top 10 Lending Partners	% Share as on 30 th Sep'22
Bank of Maharashtra	10%
State Bank of India	8%
IDFC Bank Limited	7%
Bank of Baroda	7%
Blue Orchard Microfinance Fund	7%
Bandhan Bank Limited	5%
AAV S.A.R.L	5%
Indian Bank	4%
HSBC	4%
Standard Chartered Bank	3%
Total of Top 10 lenders	60%

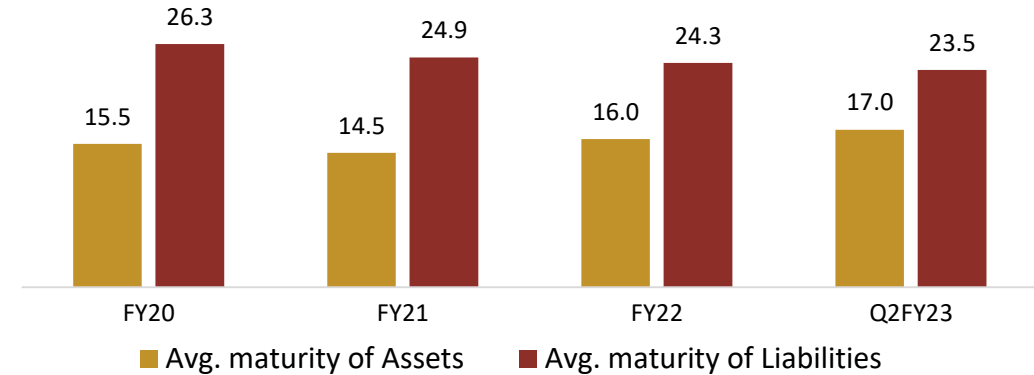
6. Strong Capitalization with Ample Liquidity



Healthy CRAR to Support Growth Opportunities



Benefit of Positive ALM Continues



Static ALM as on 30 th Sep'22 (Rs. crore)	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Inflows							
Liquidity at the beginning of month*	698	743	938	1,042	1,065	1,247	698
Principal - Loan portfolio	230	301	310	272	251	248	1,613
Interest - Loan portfolio	79	94	81	71	68	68	461
Total (A)	1,007	1,138	1,330	1,385	1,383	1,562	2,772
Outflows							
Principal repayments	234	177	236	289	115	186	1,237
Interest repayments	30	23	52	32	22	33	192
Total (B)	264	200	287	321	136	219	1,429
Cumulative Mismatch (A-B)	743	938	1,042	1,065	1,247	1,343	1,343

*Excluding margin money deposits Rs 385 crore lien with lenders
Undrawn sanction in hand Rs. 445 crore as on Sep'22 out of which Rs. 140 crore got disbursed on 03rd Oct 2022

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. 612 crore, with presence across 6 states
- » The Company operates through 157 branches, and has around 3.3 lacs clients
- » TFSL now sources business for SCNL under Nai Roshni



Satin Housing Finance Ltd (SHFL)

- » 100% retail book comprising of:
 - » Affordable home loans – 64%
 - » Loan against property – 36%
- » Excellent portfolio quality since inception
- » Clients belonging to Middle and Low-Income Groups in peripherals of Tier II and below cities
- » CRAR of 59.5% and gearing of 1.96x. Total equity stands at Rs. 122 crore
- » Total AUM Rs. 362 crore including DA of Rs. 24 crore
- » Two consecutive profitable years despite challenging business environment
- » Standalone rating of CARE BBB (Stable)
- » Received Rs. 20 crore equity from SCNL in Q2FY23



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. 184 crore
- » CRAR for Q2FY23 is 58.8%; equity stands at Rs. 110 crore
- » 17 Branches across 10 states with 6,585 active loan clients
- » Migrated to in-house software
- » 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 25.6% in Sep'22

❑ Strong Capitalization with Ample Liquidity

- Capital Adequacy has improved from 18.3% in 2016 to 24.1% currently
- Raised Rs 885 crore equity capital
- Liquidity of around Rs 700 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
- Switched to AWS
- Steps to obtain Sub-KUA License

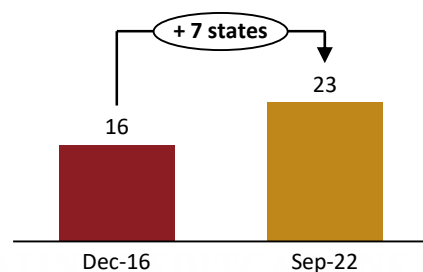
❑ Fund Raising

- 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. 100 crore till date

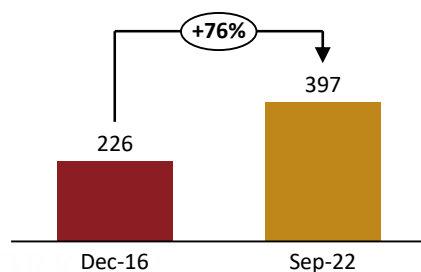
❑ Amalgamation of Subsidiaries

- 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

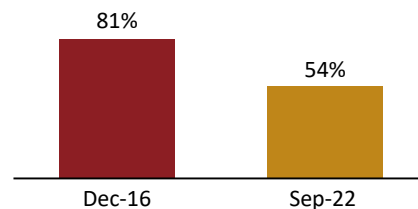
De-risking Geographic Concentration (No. of States)



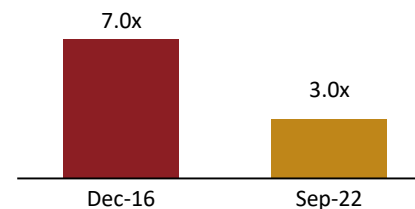
District Diversification



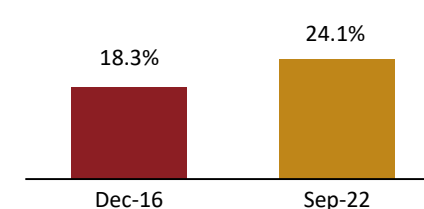
Reduction in Top 4 State Contribution



Reduced Leverage



Improved Capital Adequacy



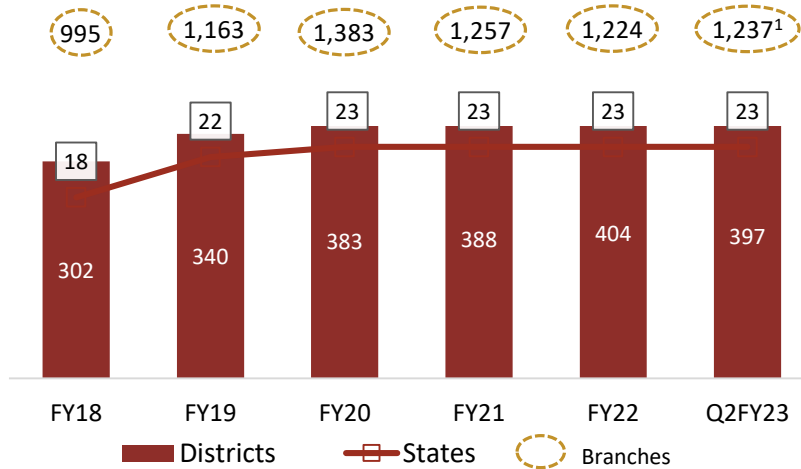
Key Financial & Operational Metrics



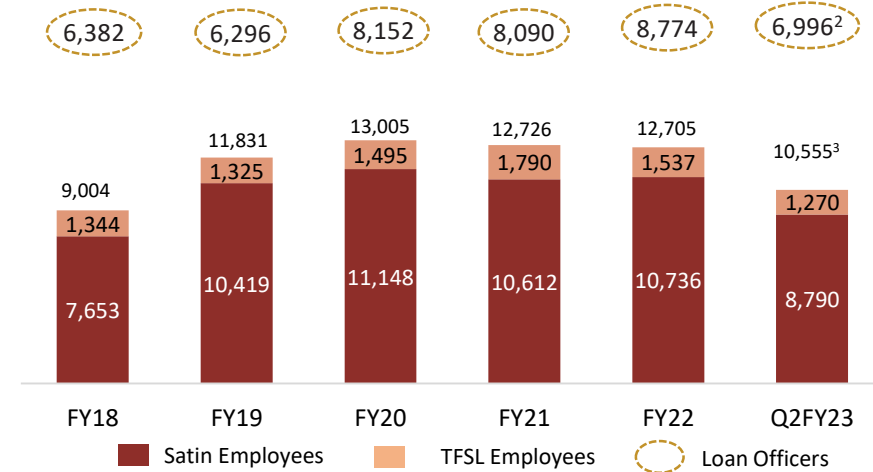
Key Operation Metrics



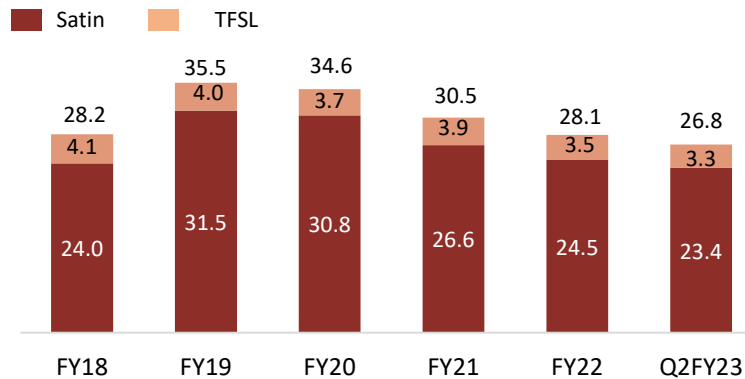
Districts, States and Branches



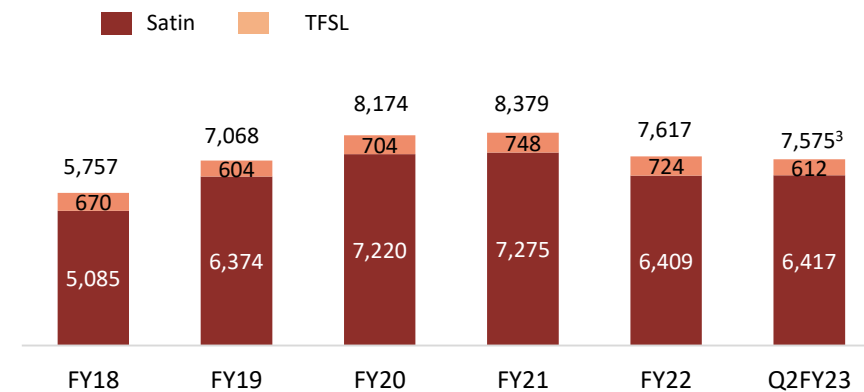
Employees & Loan Officers



Clients (lacs)



AUM (Rs. crore)



Note: (1) Data on Consolidated basis. On a standalone basis, the number of branches were 1,039; (2) Data on a consolidated basis. On a standalone basis the number of loan officers were 5,697; (3) Consolidated figures includes Satin Housing Finance Limited and Satin Finserv Ltd. as well.

Business Details – Consolidated



Particulars	Q2FY23	Q2FY22	YoY%	Q1FY23	QoQ%
AUM (Rs. crore)	7,575	7,381	2.6%	7,569	0.1%
SCNL	6,417	6,315		6,389	
On-book AUM*	4,996	5,371		5,042	
Assignment	1,390	795		1,304	
Business Correspondence	32	149		44	
TFSL	612	682		674	
SHFL	362 ⁽¹⁾	246		331	
SFL	184	138		176	
AUM Mix (Rs. crore)	7,575	7,381	2.6%	7,569	0.1%
MFI Lending	6,610	6,671		6,654	
Business Correspondence	644	831		718	
Product Financing	25	21		25	
MSME	603	464		585	
Housing Finance	362	246		331	
No. of Branches	1,237	1,279		1,224	
SCNL	1,039	1,028		1,031	
TFSL	157	220		155	
SHFL	24	16		22	
SFL	17	15		16	

Note:

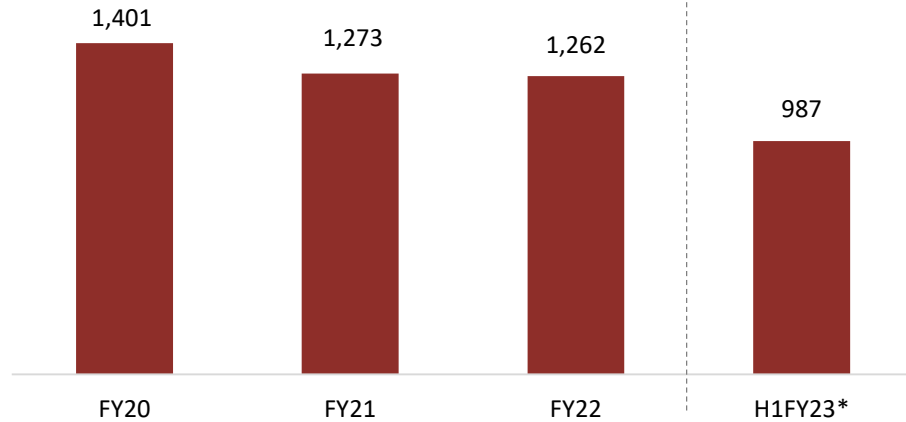
* Includes securitization, differences due to rounding off

1) The portfolio also includes Assigned portfolio of Rs. 24 crore

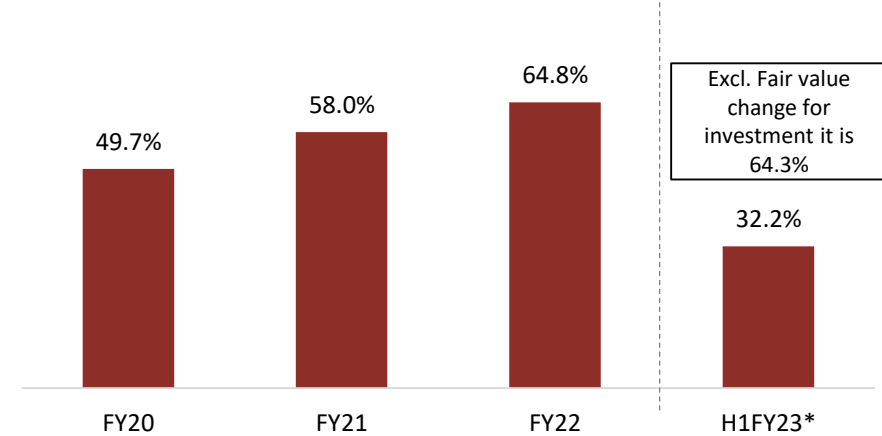
Key Standalone Financials



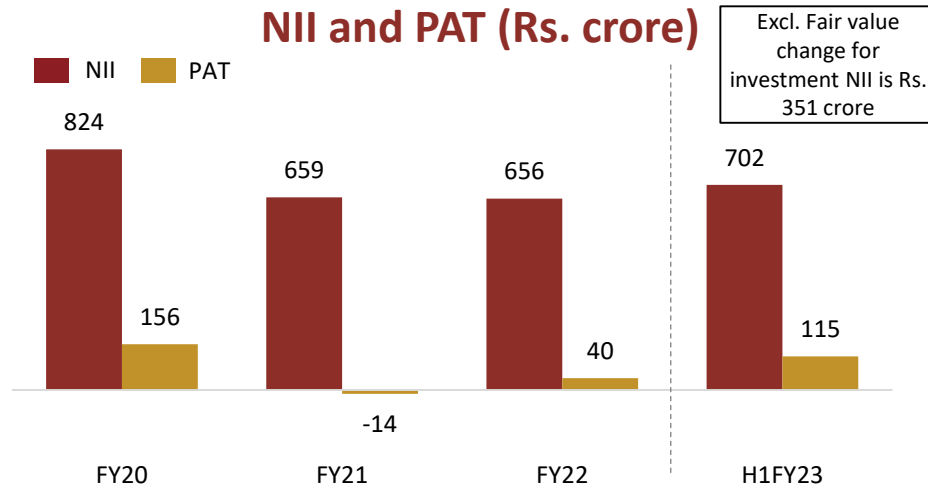
Gross Income (Rs. crore)



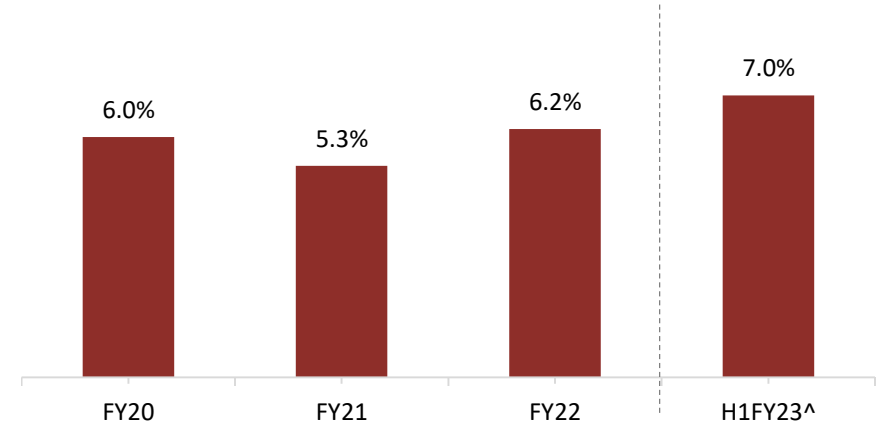
Cost to Income Ratio (%)



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 period under review

Financial Details (Standalone)



Annexure - Financial Performance – Standalone



Particulars (Rs. crore)	H1FY23	Q2FY23	Q2FY22	Q1FY23	FY22	FY21
Gross yield ⁽¹⁾	30.78%	20.31%	18.73%	41.38%	18.44%	17.57%
Financial Cost Ratio ⁽²⁾	8.90%	8.44%	9.36%	9.39%	8.86%	8.47%
Net Interest Margin ⁽³⁾	21.88%	11.87%	9.37%	31.99%	9.58%	9.10%
Operating Expense ratio ^{(4)*}	7.04%	6.96%	6.42%	7.14%	6.20%	5.28%
Loan Loss Ratio ⁽⁵⁾	5.22% ⁽⁵⁾	0.44%	1.97%	5.12% ⁽⁵⁾	2.51%	3.96%
RoA ⁽⁶⁾	3.12%	2.96%	0.64%	3.25%	0.53%	-0.18%
RoE ⁽⁸⁾	13.69%	12.80%	3.33%	14.71%	2.60%	-0.92%
Leverage (Total Debt ⁽⁷⁾ / Total Net Worth)	3.01x	3.01x	4.06x	3.3x	3.4x	4.1x
Cost to Income Ratio^	32.16%	58.67%	68.54%	22.32%	64.76%	57.99%

Asset Quality (on-book)	H1FY23	Q2FY23	Q2FY22	Q1FY23	FY22	FY21
GNPA %	3.96	3.96	8.71	4.31	8.01	8.40
ECL %	2.96	2.96	8.67	7.89	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 H1FY23 is 19.83% and 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 H1FY23 is 10.94% and 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 H1FY23 and Q1FY23 due to substantial write-off
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)	Q2FY23	Q2FY22	YoY%	Q1FY23	QoQ%	H1FY23	H1FY22	YoY%	FY22
Revenue									
Interest and Fee Income	262	274		266		528	565		1,109
(Loss)/Gain due to DA	39	1		13		52	-		50
Treasury Income*	12	16		375		387	30		65
BC Income	1	6		2		3	13		19
Other Operating Income	10	3		6		16	11		19
Total Revenue	325	299	8.8%	662	-50.9%	987	618	60%	1,262
Expenses									
Finance Cost	135	149		150		285	311		606
Employee Benefit Expenses	76	79		81		157	155		324
Credit Cost & FLDG for BC	7	31		328		335	185		172
Other Expenses	32	20		30		63	39		87
Depreciation and amortization expense	3	3		3		6	7		13
Total Expenses	254	283		592		846	697		1,203
Profit Before Tax	71	16	357.6%	70	2.5%	141	-80		59
Tax expense	17	4		10		26	-20		19
Profit After Tax	55	12	367.6%	60	-9.2%	115	-60		40
Other comprehensive income net of taxes	0	-28		1		1	-51		-29
Total Comprehensive Income	55	-16		61		116	-111		11

*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)	Q2FY23	Q2FY22	Q1FY23	FY22	FY21
Revenue					
Interest and Fee Income	13.0	7.8	10.4	34.3	25.8
Treasury Income	0.4	0.3	0.4	0.8	0.3
Other income	0.8	0.2	1.0	3.0	3.5
Total Revenue	14.1	8.2	11.8	38.0	29.6
Expenses					
Finance cost	7.0	4.0	5.9	17.1	13.6
Employee benefit expenses	4.7	2.4	4.1	11.9	10.5
Credit Cost	0.4	0.3	0.1	1.0	0.1
Other expenses	1.3	0.6	1.2	3.5	2.9
Depreciation and amortization expenses	0.1	0.1	0.1	0.3	0.4
Total Expenses	13.6	7.4	11.4	33.8	27.5
Profit Before Tax	0.5	0.9	0.4	4.3	2.1
Tax expense	0.0	0.2	0.1	1.2	0.7
Profit After Tax	0.5	0.6	0.3	3.0	1.4
Other comprehensive income	0.0	0.9	0.0	0.0	0.0
Total Comprehensive Income	0.5	1.6	0.4	3.0	1.4

Annexure - P&L Statement – SFL



Particulars (Rs. crore)	Q2FY23	Q2FY22	Q1FY23	FY22	FY21
Revenue					
Interest and Fee Income	9.2	6.3	8.2	26.6	23.8
Treasury Income	0.1	0.1	0.1	0.6	0.4
Other income	0.6	0.1	0.6	0.4	0.6
Total Revenue	9.9	6.5	8.9	27.6	24.8
Expenses					
Finance cost	2.7	1.3	2.5	6.9	4.4
Employee benefit expenses	3.0	1.9	2.9	9.1	7.1
Credit Cost	0.9	1.4	0.8	4.1	3.3
Other expenses	1.4	1.0	1.3	4.3	3.3
Depreciation and amortization expenses	0.1	0.1	0.1	0.5	0.3
Total Expenses	8.1	5.6	7.6	24.9	18.4
Profit Before Tax	1.7	0.8	1.3	2.7	6.4
Tax expense	0.5	0.1	0.4	0.9	1.7
Profit After Tax	1.2	0.7	1.0	1.8	4.8
Other comprehensive income	-	0.0	-	0.0	0.0
Total Comprehensive Income	1.2	0.7	1.0	1.8	4.8

Annexure - P&L Statement – TFSL



Particulars (Rs. crore)	Q2FY23	Q2FY22	Q1FY23	FY22	FY21
Revenue					
Total Revenue	16.4	15.9	18.9	69.7	59.3
Expenses					
Finance Cost	1.6	1.4	1.7	5.6	4.5
Employee Benefit Expenses	10.1	11.8	11.9	47.8	39.1
Credit Cost	2.1	6.0	2.7	33.4	11.3
Other Expenses	2.1	2.4	2.3	11.1	10.0
Depreciation and amortization expense	0.3	0.4	0.2	1.6	1.5
Total Expenses	16.1	22.0	18.7	99.5	66.3
Profit Before Tax	0.3	-6.1	0.2	-29.7	-7.0
Tax expense	0.2	-1.6	0.0	-7.8	-2.0
Profit After Tax	0.1	-4.5	0.2	-22.0	-5.0
Other comprehensive income net of taxes	-0.2	-0.3	-	0.0	-0.2
Total Comprehensive Income	-0.1	-4.8	0.2	-21.9	-5.2

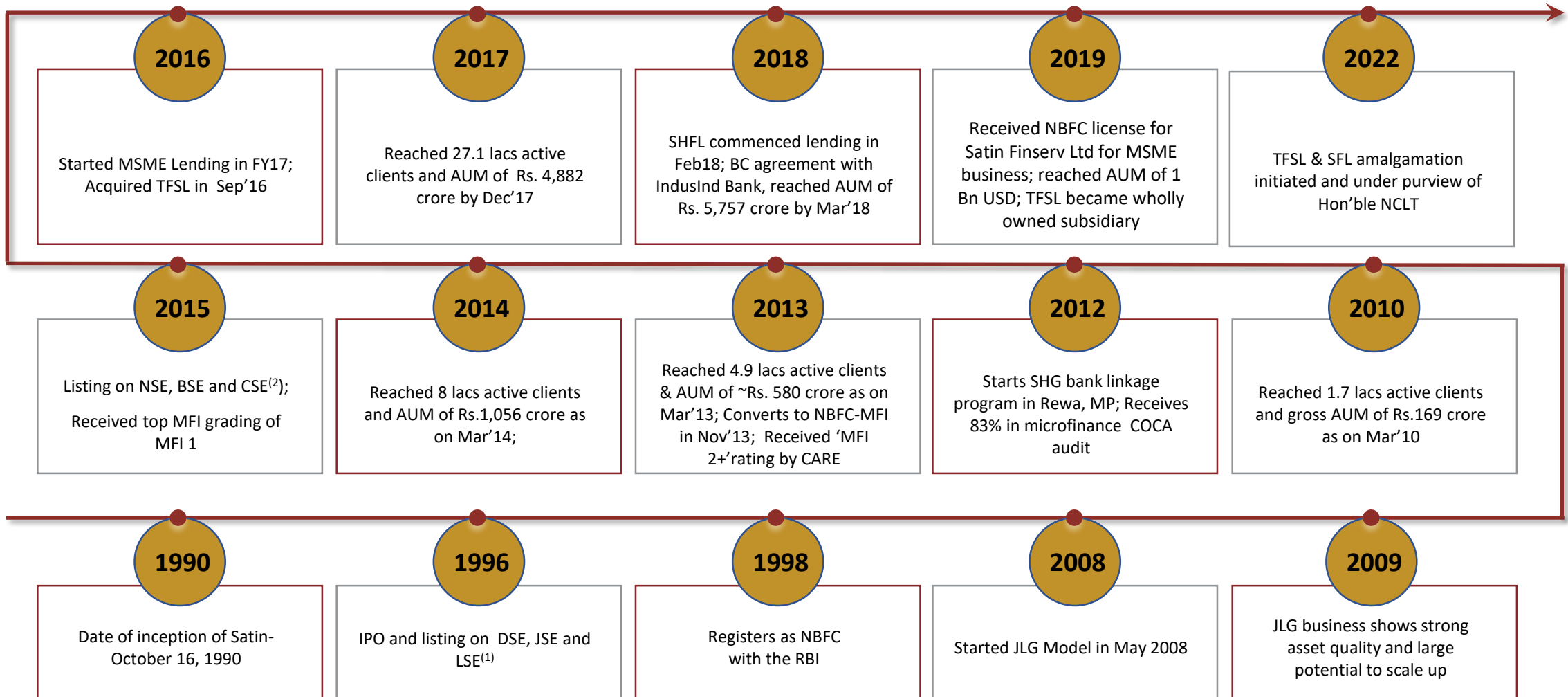
Company Background



Key Milestones



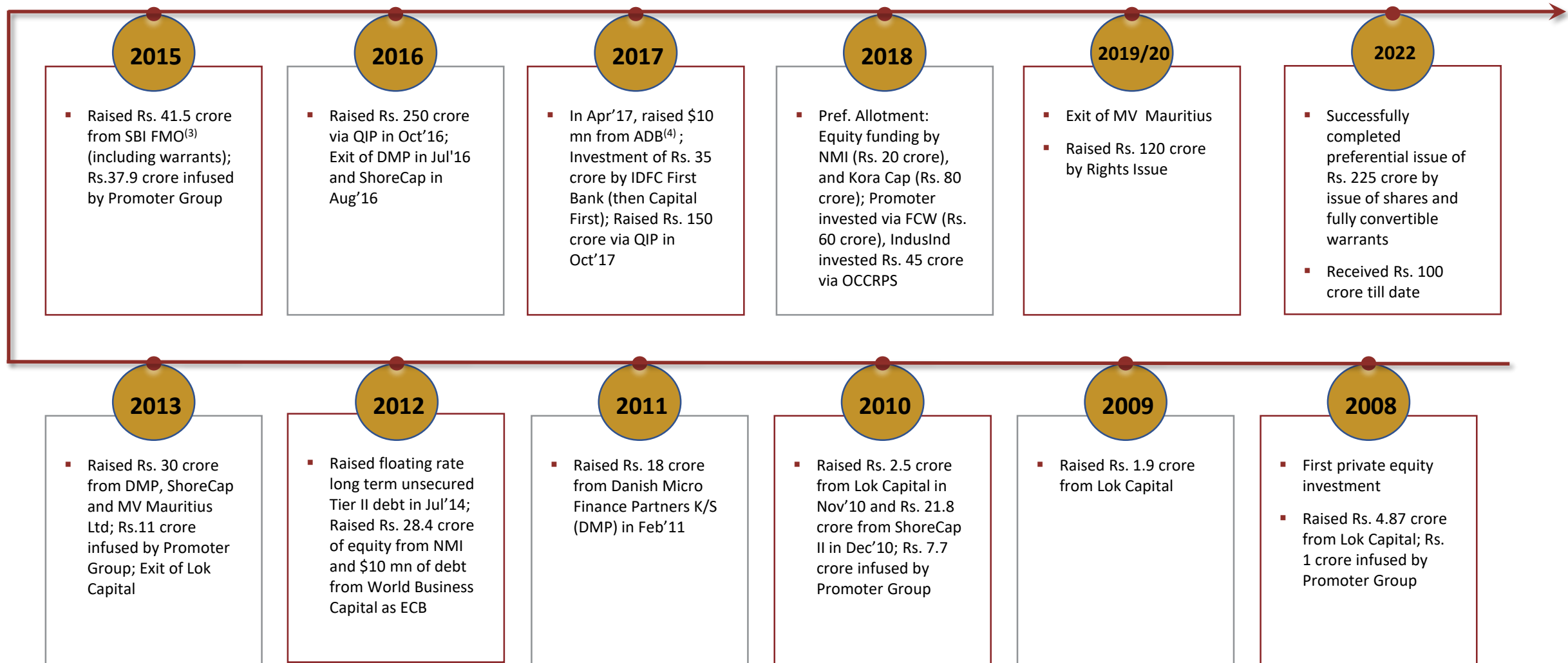
Business Timeline



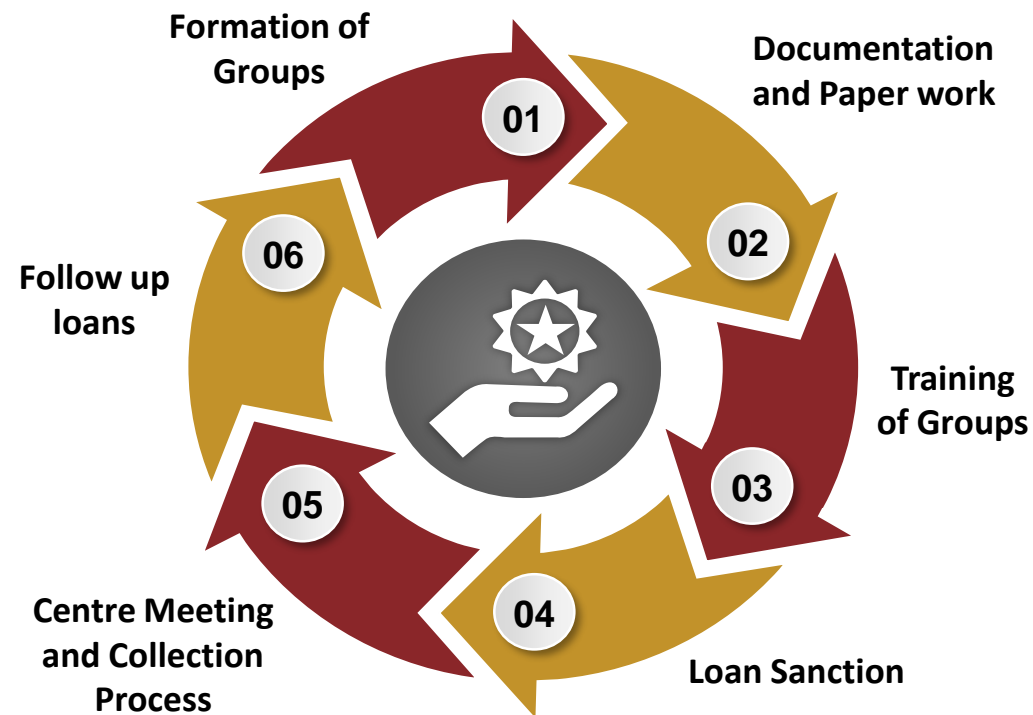
Key Milestones



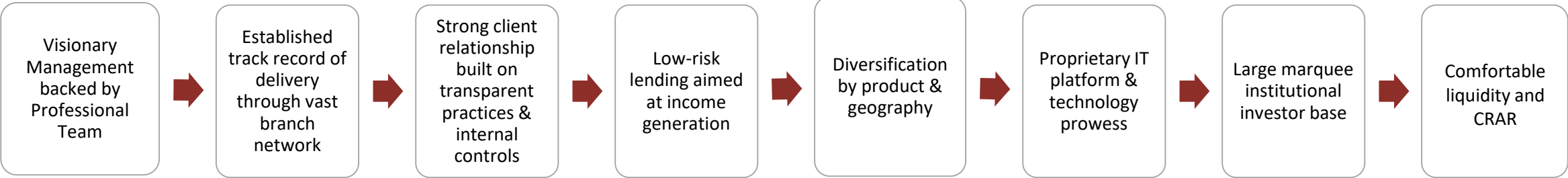
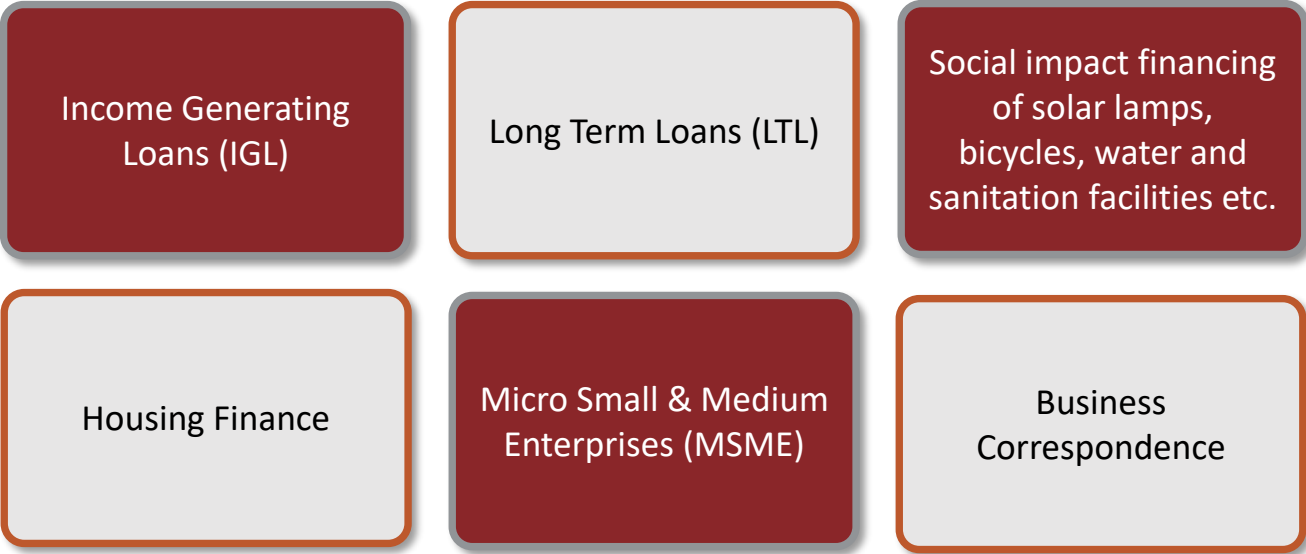
Fund Raising Timeline



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. 35,000

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 Rs. 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.*

As a purpose driven organization, it has always been our constant endeavor to align our objectives with the **Sustainable Development Goals** in order to contribute to the range of aspects that are the blueprints to achieving a better and more **sustainable future for all**.

To Empower



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

To Ensure Inclusive Health

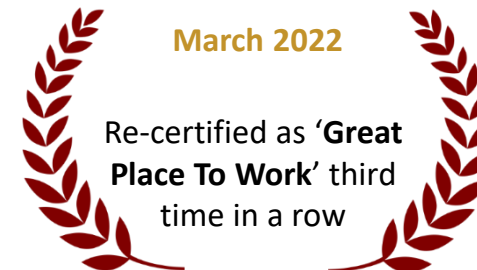
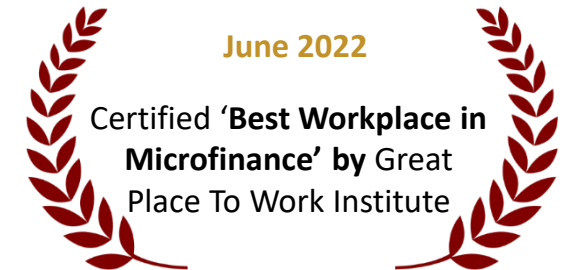
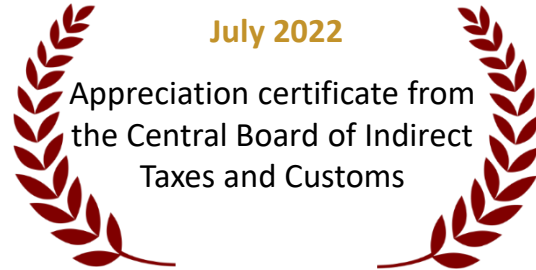


Funded towards an initiative by MFIN where they launched a series of Medical Health Camps in 18 districts of Assam to provide medical relief to flood affected communities.

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. Sunil Yadav recognized among the **'Top 100 BFSI Leaders'** in India by Trescon, India



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 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 UNFCCC's Clean Development Program

Governance

- Board comprises of 8 members; 5 Independent Directors of which 1 is woman 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

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

Contact Information



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