



SATIN CREDITCARE NETWORK LTD.

Reaching out!

28th October 2022, New Delhi

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

Financial Performance (On a Standalone Basis)

Particulars (Rs. crore)	Q2 FY23	Q2 FY22	% Change
Assets under Management (AUM)	6,417	6,315	1.6%
Net Interest Income (NII)	190	150	26.3%
Pre-Provision Operating Profit (PPOP)	79	47	67.0%
Profit / (Loss) After Tax (PAT)	55	12	367.6%

- Our consolidated disbursement for the quarter stood at Rs. 1,709 crore as compared to Rs. 1,315 crore in Q2FY22
 - Microfinance disbursement for the quarter stood at Rs. 1,568 crore as compared to Rs. 1,221 crore in Q2FY22
- Our Average Ticket Size of MFI Lending for the quarter stood at Rs. 43,000
- PAT for Q2FY23 stood at Rs. 55 crore as compared to Rs. 12 crore in Q2FY22
- Assigned Portfolio stood at Rs. 1,390 crore as on 30th September 2022

Footprints and Outreach (On a Consolidated Basis)

Particulars	Sep-22	Sep-21
States & UTs	23	23
Branches	1,237	1,279
No. of Employees	10,555	12,910
No. of Loan Officers	6,996	8,313
No. of Clients (Lakhs)	26.8	28.9

Restructured Book

- The Company's 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
- The Collection efficiency in the restructured book for H1FY23 stood at 77.6%

Capital Adequacy and 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
- Our capital base is strong with a capital adequacy ratio of 24.1% as on 30th September 2022 up from 22.6% as on 30th June 2022
- The Company continues to maintain a healthy balance sheet liquidity of Rs. 698 crore and has undrawn sanctions worth Rs. 445 crore as on 30th September 2022

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Borrowing Profile

- Total borrowings stood at Rs. 5,254 crore as on 30th September 2022
- Debt-to-equity ratio as of 30th September 2022 stood at 3.01x
- 66% of our borrowings are from banks, followed by overseas funds at 20%, NBFCs at 8%, DFIs at 5% and balance from others

Collection Efficiency

- Collection efficiency for Q2FY23 stood at 100.2% (excluding restructured portfolio)
- Top 4 states (UP, Bihar, MP and Punjab) comprises of 54% of the Company's AUM; collection efficiency stood at 99.9% for Q2FY23

Asset Quality

- On-book Gross Non-Performing Asset stood at 3.96% amounting to Rs. 198 crore as on Q2FY23 as compared to 8.71% as on Q2FY22 amounting to Rs. 468 crore
- Excluding Assam On-book Gross Non-Performing Asset stood at 1.2% as on Q2FY23 amounting to Rs. 61 crore
- The Company has written-off loans amounting to Rs. 209 crore during Q2FY23; totalling to Rs. 483 crore in H1FY23. No impact on P&L during Q2FY23 because of the write-off
- During H1FY23, collection against write-offs were ~Rs. 16 crore
- We have sufficient on-book provisions amounting to Rs. 148 crore as on Q2FY23, which is 3.0% of on-book AUM

Subsidiaries

- Taraashna Financial Services Limited, which provides Business Correspondent services, has an AUM of Rs. 612 crore. As of 30th September 2022, the Company operates through 157 branches and has ~3.3 lakh active loan clients
- Satin Finserv Ltd, the Company's MSME lending arm has reached an AUM of Rs. 184 crore. CRAR of 58.8% and gearing of 0.8x. Total networth stands at Rs. 111 crore
- Satin Housing Finance Ltd, has now reached an AUM of Rs. 362 crore including DA of Rs. 24 crore, having presence across 4 states with 4,291 customers
 - SHFL has 100% retail book comprising of 64% affordable housing loans and 36% of LAP
 - The Company has 17 active lenders including NHB refinance
 - CRAR of 59.5% and gearing of 2.0x. Total networth stands at Rs. 122 crore
- All the companies are profitable during Q2FY23

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

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- 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.

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

“With the pandemic in the rearview mirror, we are now returning to solid ground with business. The second quarter of FY23 has been a great one where our past pain of restructured book has been resolved. With a strong strategy in place, we have been able to bring down the restructured book from 21.4% to 6.4% as of Q2FY23, which goes to show our resilience and smart business structuring that caters to solving the present pain points. Our disbursements for Q2FY23 have increased by 30% on a YoY basis. Our portfolio quality has also improved this quarter. The new portfolio that we disbursed has been a boon to our business, bringing in good yields and having excellent asset quality with NPA at 0.2% as of Q2FY23.

As of Q2FY23, we have achieved a 9% pre-write-off growth on a YoY basis in standalone AUM. We have also moved towards a more robust, scalable, secured, and completely paperless technological journey with the advent of AWS into the system. We are excited about the new system of Aadhaar authentication of clients (E-KYC) authorized by the Ministry of finance in consultation with UIDAI and RBI. This is a huge achievement for us and a great step in strengthening the security of our customers. This is a great testament to our progress towards achieving growth and building a profitable business while helping the underprivileged build a higher standard of living”.

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 30th September 2022, SCNL had 1,237 branches and a headcount of 10,555 across 23 states and union territories serving 27 lakh clients.

Disclaimer

This document may contain certain forward-looking statements within the meaning of applicable securities law and regulations. These statements include descriptions regarding the intent, belief or current expectations of the Company or its directors and officers with respect to the results of operations and financial condition of the Company. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from

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those in such forward-looking statements as a result of various factors and assumptions which the Company believes to be reasonable in light of its operating experience in recent years. Many factors could cause the actual results, performances, or achievements of the Company to be materially different from any future results, performances, or achievements. Significant factors that could make a difference to the Company's operations include domestic and international economic conditions, changes in government regulations, tax regime and other statutes. The Company does not undertake to revise any forward-looking statement that may be made from time to time by or on behalf of the Company.

Satin Creditcare Network Ltd.

CIN: L65991DL1990PLC041796

Plot No. 492, Udyog Vihar, Phase-III, Gurugram, Haryana - 122016, India

Landline No: +91 124 471 5400

Registered Office: 5th Floor, Kundan Bhawan, Azadpur Commercial Complex, Azadpur, Delhi-110 033

E-mail ID: communications@satincreditcare.com

Website: www.satincreditcare.com

For further information, please contact

Ms. Aditi Singh

Head – Strategy

E: aditi.singh@satincreditcare.com

T: +91 124 4715 400

www.satincreditcare.com

Ms. Tanya Bansal

AM – PR & Corporate Communications

E: tanya.bansal@satincreditcare.com

T: +91 124 4715 400

www.satincreditcare.com

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