



SATIN CREDITCARE NETWORK LTD.

Reaching out!

23rd January 2023, New Delhi

Satin Creditcare Network Limited (SCNL) (NSE: SATIN, BSE: 539404) announced its unaudited financial results for the quarter and nine months ended 31st December 2022. The financial numbers are based on IndAS.

Financial Performance (On a Standalone Basis)

Particulars (Rs. crore)	Q3 FY23	Q3 FY22	% Change
Assets under Management (AUM)	6,798	6,123	11.0%
Net Interest Income (NII)	233	168	38.3%
Pre-Provision Operating Profit (PPOP)	123	55	125.4%
Profit / (Loss) After Tax (PAT)	55	41	35.1%

- Our consolidated disbursement for the quarter stood at Rs. 1,880 crore as compared to Rs. 1,348 crore in Q3FY22
 - Microfinance disbursement for the quarter stood at Rs. 1,768 crore as compared to Rs. 1,224 crore in Q3FY22
- With our consistent approach, we have reached our highest quarterly disbursement in the last 7 quarters
- Our Average Ticket Size of MFI Lending for the quarter stood at Rs. 43,000
- Assigned Portfolio stood at Rs. 1,985 crore as on 31st December 2022

Footprints and Outreach (On a Consolidated Basis)

Particulars	Dec-22	Dec-21
States & UTs	23	23
Branches	1,260	1,214
No. of Employees	10,604	12,888
No. of Loan Officers	7,040	9,031
No. of Clients (Lakhs)	27.0	28.2

Restructured Book

- The Company's restructured book has reduced from Rs. 1,151 crore as on Sep'21 to Rs. 200 crore as on Dec'22; in percentage terms reduced from 21.4% to 4.2% of on-book portfolio
- Out of Rs. 200 crore, Rs. 99 crore is 0 dpd
- The Collection efficiency in the restructured book for Q3FY23 stood at 79.2%.

Capital Adequacy and Liquidity

- The Company received the second tranche of ~Rs. 25 crore, against conversion of Fully Convertible Warrants from Florintree Ventures LLP (entity belonging to Non-Promoter Group)
 - Till date received Rs. 125 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 27.0% as on 31st December 2022 up from 24.1% as on 30th September 2022

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- The Company continues to maintain a healthy balance sheet liquidity of Rs 1,274 crore and has undrawn sanctions worth Rs. 674 crore as on 31st December 2022.

Borrowing Profile

- Total borrowings stood at Rs. 5,571 crore as on 31st December 2022
- Debt-to-equity ratio as of 31st December 2022 stood at 3.08x
- 69% of our borrowings are from banks, followed by overseas funds at 20%, NBFCs at 7%, DFIs at 3.5% and balance from others

Collection Efficiency

- Collection efficiency for Q3FY23 stood at 100.0% (excluding restructured portfolio)
- Top 4 states (UP, Bihar, MP and Punjab) comprises of 55% of the Company's AUM; collection efficiency stood at 99.6% for Q3FY23

Asset Quality

- On-book Gross Non-Performing Asset stood at 3.92% amounting to Rs. 188 crore as on Q3FY23 as compared to 8.61% as on Q3FY22 amounting to Rs. 452 crore.
- Excluding Assam, on-book Gross Non-Performing Asset stood at 1.5% as on Q3FY23 amounting to Rs. 65 crore
- During 9MFY23, collection against write-offs were ~Rs. 30 crore
- We have sufficient on-book provisions amounting to Rs. 140 crore as on Q3FY23, which is 2.9% of on-book AUM
- New portfolio generated from Jul'21 onwards has PAR 1 of 0.6% and PAR 90 of 0.1%, this portfolio constitutes 90% of total on-book MFI portfolio

Subsidiaries

- Satin Finserv Ltd, the Company's MSME lending arm has reached an AUM of Rs. 200 crore. CRAR of 54.3% and gearing of 0.9x. Total network stands at Rs. 112 crore.
- Satin Housing Finance Ltd, has now reached an AUM of Rs. 383 crore including DA of Rs. 36 crore, having presence across 4 states with 4,586 customers.
 - SHFL has 100% retail book
 - The Company has 18 active lenders including NHB refinance
 - CRAR of 58.4% and gearing of 1.9x. Total network stands at Rs. 122 crore
- All the companies are profitable during 9MFY23

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.

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

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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 Hon'ble NCLT in its hearing dated January 02, 2023 has reserved the order for second motion application. The pronouncement of order is awaited.

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

“Our primary focus during Q3FY23 was to stabilize our business, have growth and profitability back on track, and achieve guided growth. We are glad to announce that our performance for the quarter has marked significant improvement in financial and operational performance coupled with consistent improvement in asset quality, which helped us achieve our quarterly PAT of Rs. 55 crore, up by 35% on YoY basis.

With this strategy in place, we have been focused on building a strong business model and structure for the disbursements, which has turned out to be very fruitful. Within this quarter, we have observed a good momentum in the disbursement that stood at Rs. 1,725 crore on a standalone basis, up by 59% year on year and 10% quarter on quarter, marking our highest quarterly disbursement in the last seven quarters. Significant pick up in the disbursement led to 11% year on year growth of AUM, which now stands at Rs. 6,798 crore on standalone basis and Rs. 7,945 crore on consolidated basis. This growth is despite the write offs done in 9MFY23. If we had not done write-offs, the YoY growth would have been 20% on a standalone basis.

With respect to Asset Quality, we have maintained consistent portfolio quality by tightening our credit assessment criteria. Our on-book Gross NonPerforming Assets for the quarter stood at 3.92%, down from 8.61% as on Dec'21. Our new portfolio generated from Jul'21 onwards, which constitutes 90% of our on-book MFI AUM, has PAR 1 of 0.6% and PAR 90 of 0.1%, which is very encouraging.

Additionally, we are happy to announce that the Company has received the second tranche of ~Rs. 25 crore, against the conversion of Fully Convertible Warrants from Florintree Ventures LLP. This investment sends a very positive signal and provides comfort to all stakeholders. With this growth capital, we are well poised to have a comfortable capital position.

Q3FY23 has been one of the foundational quarters for us, whatever we have stated as guidance with all the stakeholders over the last seven quarters, our performance has been in line with the guidance as stated, strengthening our robust growth plans and the core structure of our futuristic plans. Having attained solid ground and made a push towards achieving our goals, we are treading forward with our growth plans. Q3FY23 has been the tailwind to our various business goals and in the next quarter, we want to put a stronger emphasis on continuing growth momentum with better cost efficiency, while maintaining the asset quality.”

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 90,000 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.

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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 31st December 2022, SCNL had 1,260 branches and a headcount of 10,604 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 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.

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