

# Satin Creditcare Network | ADD

## Strong quarter; momentum to sustain

Satin's PAT grew 35% QoQ in 3QFY26, driving RoA/RoE of 2.2%/10.8%. This was supported by rise in disbursements and 55bps sequential reduction in credit cost (% of AUM). Although credit cost remains elevated at 4%, it continues to improve sequentially, driven by better delinquency trends across buckets. PAR 1 improved to 4.7% in 3QFY26 from 5.8% in 2QFY26, while PAR 30 improved to 4.1% from 4.9% in 2QFY26. Further, GNPA/NNPA declined by 22/7bps QoQ to 3.3%/1.1%, and overall ECL fell to 2.2% vs. 2.3% in 2QFY26. Management guided for exit credit cost of ~4% in FY26. AUM growth rose to 10% led by stronger disbursements, which grew 23% QoQ (vs. 17% in 2Q). NIM was broadly stable, while NII grew 23% YoY, primarily driven by higher DA income. We expect growth momentum to improve and expect AUM CAGR of 16% over FY26-28E and average RoA of ~2.7%/13.2% over FY27-28E. We maintain ADD with an unchanged TP of INR 170, valuing it at 0.5x FY28E P/BV. We transfer coverage to Pratik Matkar.

- Pickup in disbursement growth:** AUM grew 10% YoY, 5% QoQ led by 14% YoY, 23% QoQ increase in consolidated disbursements growth (vs. 0% YoY, 17% QoQ in 2Q). On the standalone book, MFI loans grew 6% YoY, 4% QoQ, MSME grew 21% QoQ, 32% YoY while the housing book (subsidiary) grew 26% YoY, 8% QoQ and MSME subsidiary book grew 58% YoY, 22% QoQ. Active clients in MFI business reduced by 0.06mn to 3.2mn (vs. increase of 0.04mn in 2QFY26). The top two states (UP and Assam) contribute ~38% of on-book portfolio with collection efficiency >99%.
- Healthy operating performance:** Satin's NII grew 23% YoY and 10% QoQ, primarily driven by higher DA income. Reported NIM was up 2bps QoQ. Sequential decline in gross yields and CoF was due to MTM gains of INR 830mn and forex adjustment in the previous quarter. Opex grew 19% YoY as the company continued to focus on network expansion. Thus, operating profit grew 6% QoQ, 3% YoY. We expect opex to remain elevated over the medium term and credit costs to start normalising. We build in EPS CAGR of 43% over FY26-28E.
- Improving assets quality metrics:** Asset quality continues to improve with GNPA/NNPA at 3.3%/1.1% (-22bps QoQ/-7bps QoQ) against which ECL provisions stood at 2.2%. Delinquencies improved across buckets driven by better collection efficiencies, leading to improvement in PAR trend. PAR 1, PAR 30 and PAR 60 improved to 4.7%, 4.1% and 3.7%. The company recovered INR 90mn during the quarter, leading to cumulative recovery of INR 240mn in 9MFY26 against the write-offs. Also, the company maintains an additional management overlay of INR 120mn for any future stress. We expect write-offs to decline gradually and recoveries to improve further, which should lead to an improvement in credit costs in FY27. We estimate average credit cost of 2.8% over FY27-28E.
- Valuation and view:** We believe that growth will be driven by increase in ticket size and partly aided by new customer addition. We remain watchful of asset quality due to continued write-offs. We maintain ADD with an unchanged TP of INR 170, valuing it at 0.5x FY28E BVPS.



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### Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	170
Upside/(Downside)	10.5%
Previous Price Target	170
Change	0.3%

### Key Data – SATIN IN

Current Market Price	INR154
Market cap (bn)	INR17.0/US\$0.2
Free Float	46%
Shares in issue (mn)	110.0
Diluted share (mn)	
3-mon avg daily val (mn)	INR26.0/US\$0.3
52-week range	176/131
Sensex/Nifty	82,345/25,343
INR/US\$	91.8

### Price Performance

%	1M	6M	12M
Absolute	8.3	5.6	6.4
Relative*	11.1	4.0	-1.3

\* To the BSE Sensex

### Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	4,359	1,861	2,329	3,645	4,744
Net Profit (YoY) (%)	8,957.3%	-57.3%	25.1%	56.5%	30.1%
Assets (YoY) (%)	33.6%	10.5%	15.8%	16.0%	15.1%
ROA (%)	4.8%	1.7%	1.9%	2.5%	2.8%
ROE (%)	21.8%	7.5%	8.8%	12.3%	14.0%
EPS	39.6	16.9	21.2	33.1	43.1
EPS (YoY) (%)	6,914.5%	-57.3%	25.1%	56.5%	30.1%
<b>P/E (x)</b>	<b>4.0</b>	<b>9.4</b>	<b>7.5</b>	<b>4.8</b>	<b>3.7</b>
BV	218	231	252	285	328
BV (YoY) (%)	16.3%	5.9%	9.2%	13.1%	15.1%
<b>P/BV (x)</b>	<b>0.73</b>	<b>0.69</b>	<b>0.63</b>	<b>0.56</b>	<b>0.48</b>

Source: Company data, JM Financial. Note: Valuations as of 28/Jan/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## 3QFY26 performance highlights

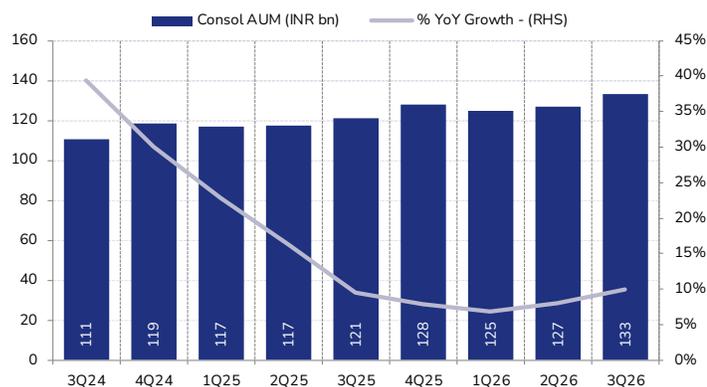
### Exhibit 1. 3QFY26 result snapshot

Earnings Table (INR mn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)	3QFY26E	A/E
Interest income on loans	5,647	6,206	6,140	9%	-1%		
Income from Assigned loans	905	701	1,014	12%	45%		
<b>NII</b>	<b>3,874</b>	<b>3,465</b>	<b>4,261</b>	<b>10%</b>	<b>23%</b>	<b>3,602</b>	<b>18%</b>
Non-Interest income	324	1,020	374	15%	-63%	510	-27%
<b>Total Income</b>	<b>4,198</b>	<b>4,485</b>	<b>4,635</b>	<b>10%</b>	<b>3%</b>	<b>4,112</b>	<b>13%</b>
Employee Cost	1,499	1,728	1,734	16%	0%		
Other Operating Expenses	523	636	662	27%	4%		
<b>Total Operating Expenses</b>	<b>2,023</b>	<b>2,365</b>	<b>2,397</b>	<b>19%</b>	<b>1%</b>	<b>2,300</b>	<b>4%</b>
<b>Operating Profit</b>	<b>2,175</b>	<b>2,120</b>	<b>2,238</b>	<b>3%</b>	<b>6%</b>	<b>1,812</b>	<b>24%</b>
Total Provisions	2,025	1,433	1,307	-35%	-9%	1,134	15%
<b>PBT</b>	<b>149</b>	<b>687</b>	<b>931</b>	<b>523%</b>	<b>36%</b>	<b>678</b>	<b>37%</b>
Tax	7	155	212	2974%	36%	149	42%
<b>Reported Profit</b>	<b>143</b>	<b>532</b>	<b>719</b>	<b>404%</b>	<b>35%</b>	<b>529</b>	<b>36%</b>
<b>AUM and Balance sheet (INR bn)</b>							
AUM	121	127	133	10%	5%	132	1%
Disbursements	28	26	32	14%	23%	30	7%
<b>Key Ratios</b>							
Yield (%) - reported	23.8%	26.1%	23.8%	0bps	-224bps		
CoFs (%) - reported	9.1%	11.4%	9.1%	-2bps	-226bps		
NIMs (%) - reported	14.7%	14.7%	14.7%	2bps	2bps		
Cost / Income ratio (%)	48.2%	52.7%	51.7%	353bps	-101bps		
Credit cost (as % of AUM)	6.79%	4.55%	4.02%	-277bps	-54bps		
Gross NPA (%)	3.90%	3.52%	3.30%	-60bps	-22bps		
Net NPA (%)	1.47%	1.20%	1.12%	-35bps	-7bps		
Coverage Ratio (%)	62.3%	66.0%	66.0%	370bps	0bps		
RoA (%) - reported	0.51%	1.68%	2.22%	171bps	54bps		
RoE (%) - reported	2.23%	8.19%	10.82%	859bps	263bps		

Source: Company, JM Financial

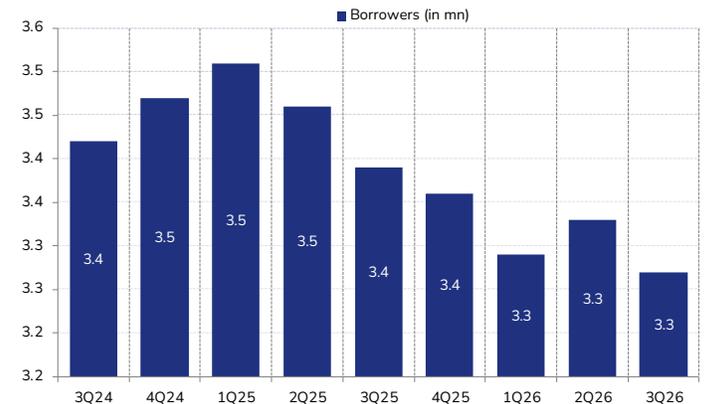
## Quarterly trends in charts

### Exhibit 2. AUM growth inch-up led by 23% QoQ disbursement growth



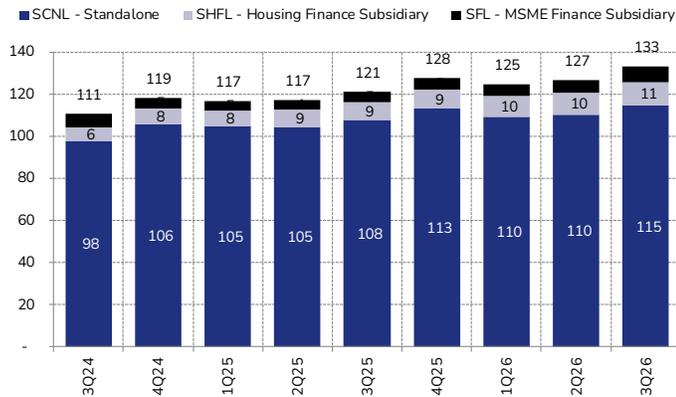
Source: Company, JM Financial

### Exhibit 3. Borrower base stable



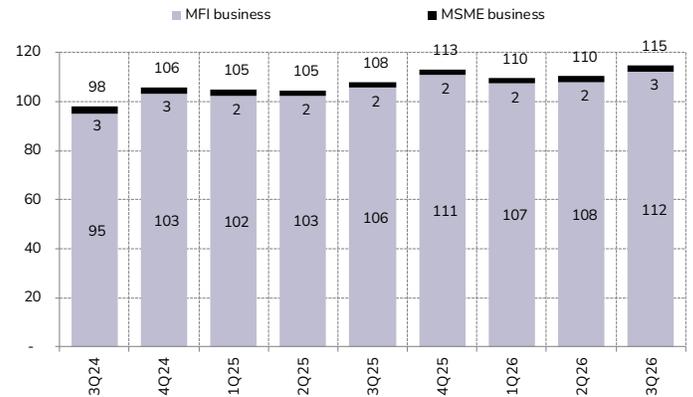
Source: Company, JM Financial

Exhibit 4. Consolidated AUM breakdown



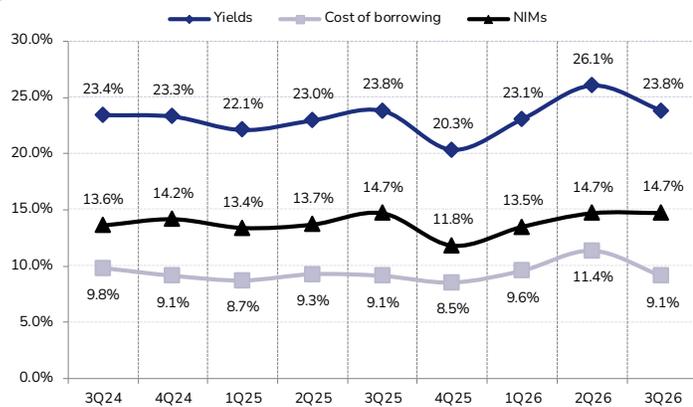
Source: Company, JM Financial

Exhibit 5. Standalone AUM breakdown – MFI business inches up



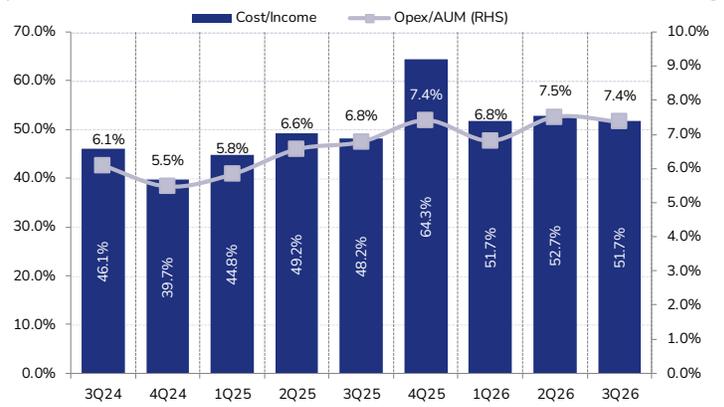
Source: Company, JM Financial

Exhibit 6. Reported NIM stable as yield decline was offset by contraction in cost of funds



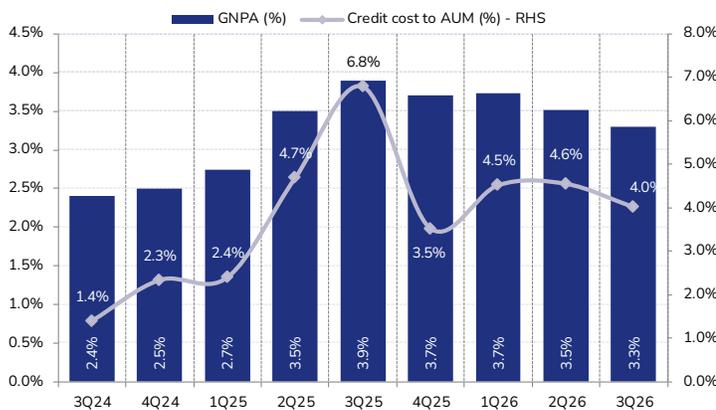
Source: Company, JM Financial

Exhibit 7. Cost ratio improves sequentially on higher growth



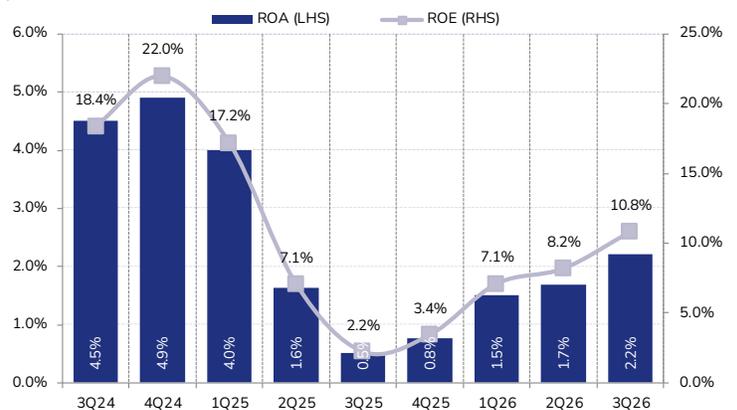
Source: Company, JM Financial

Exhibit 8. Asset quality gets better



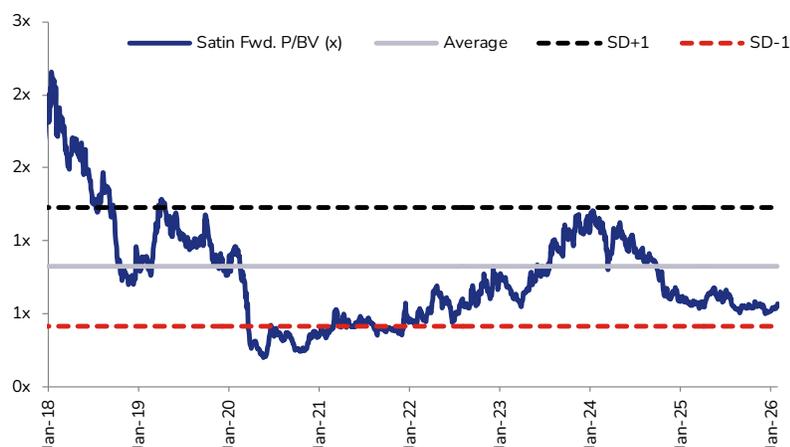
Source: Company, JM Financial

Exhibit 9. Return ratios gradually improving



Source: Company, JM Financial

Exhibit 10. One-year forward P/B



Source: Bloomberg, JM Financial

Exhibit 11. Changes in estimates

Old vs. New Estimates	FY26 Old	FY26 New	Change	FY27 Old	FY27 New	Change	FY28 Old	FY28 New	Change
<b>Recommendation</b>				<b>ADD</b>	<b>ADD</b>				
<b>Target price (INR)</b>				<b>170</b>	<b>170</b>	<b>0.3%</b>			
<b>Income Statement (INR Mn)</b>									
Net Interest Income (NII)	14,678	15,419	5.1%	17,472	17,989	3.0%	20,806	20,835	0.1%
Non-Interest Income	2,410	2,410	0.0%	2,424	2,160	-10.9%	2,682	2,623	-2.2%
<b>Total Income</b>	<b>17,088</b>	<b>17,829</b>	<b>4.3%</b>	<b>19,897</b>	<b>20,149</b>	<b>1.3%</b>	<b>23,488</b>	<b>23,458</b>	<b>-0.1%</b>
Operating Expenses	9,211	9,415	2.2%	10,329	10,811	4.7%	11,951	12,031	0.7%
Pre-provisioning Profits	7,877	8,414	6.8%	9,568	9,338	-2.4%	11,537	11,427	-1.0%
Total Provisions	4,920	5,405	9.9%	4,861	4,478	-7.9%	5,386	5,102	-5.3%
PBT	2,957	3,009	1.8%	4,707	4,860	3.3%	6,151	6,325	2.8%
<b>PAT (Pre-Extra ordinaries)</b>	<b>2,292</b>	<b>2,329</b>	<b>1.6%</b>	<b>3,530</b>	<b>3,645</b>	<b>3.3%</b>	<b>4,613</b>	<b>4,744</b>	<b>2.8%</b>
<b>Balance Sheet (INR Mn)</b>									
Total equity	27,721	27,758	0.1%	31,250	31,403	0.5%	35,864	36,146	0.8%
Total Borrowings	98,464	101,102	2.7%	113,234	117,278	3.6%	130,219	134,869	3.6%
Advances	110,679	115,289	4.2%	129,629	134,312	3.6%	152,705	154,374	1.1%
<b>Total Assets</b>	<b>131,579</b>	<b>134,229</b>	<b>2.0%</b>	<b>150,661</b>	<b>155,686</b>	<b>3.3%</b>	<b>173,183</b>	<b>179,262</b>	<b>3.5%</b>
<b>Key Ratios (%)</b>									
NIM (%)	12.3%	12.6%	0.3%	12.7%	12.6%	-0.1%	12.9%	12.6%	-0.3%
ROA (%)	1.85%	1.86%	0.0%	2.50%	2.51%	0.0%	2.85%	2.83%	0.0%
ROE (%)	8.6%	8.8%	0.1%	12.0%	12.3%	0.4%	13.7%	14.0%	0.3%
EPS (INR)	21	21	1.6%	32	33	3.3%	42	43	2.8%
BVPS (INR)	252	252	0.1%	284	285	0.5%	326	328	0.8%

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	
Net Interest Income (NII)	12,536	14,876	15,419	17,989	20,835	
Non Interest Income	859	657	2,410	2,160	2,623	
<b>Total Income</b>	<b>13,395</b>	<b>15,533</b>	<b>17,829</b>	<b>20,149</b>	<b>23,458</b>	
Operating Expenses	6,058	7,971	9,415	10,811	12,031	
<b>Pre-provisioning Profits</b>	<b>7,337</b>	<b>7,562</b>	<b>8,414</b>	<b>9,338</b>	<b>11,427</b>	
Loan-Loss Provisions	1,508	5,204	5,405	4,478	5,102	
Others Provisions	0	0	0	0	0	
<b>Total Provisions</b>	<b>1,508</b>	<b>5,204</b>	<b>5,405</b>	<b>4,478</b>	<b>5,102</b>	
<b>PBT</b>	<b>5,829</b>	<b>2,358</b>	<b>3,009</b>	<b>4,860</b>	<b>6,325</b>	
Tax	1,469	496	680	1,215	1,581	
<b>PAT (Pre-Extra ordinaries)</b>	<b>4,359</b>	<b>1,861</b>	<b>2,329</b>	<b>3,645</b>	<b>4,744</b>	
Extra ordinaries (Net of Tax)	0	0	0	0	0	
<b>Reported Profits</b>	<b>4,359</b>	<b>1,861</b>	<b>2,329</b>	<b>3,645</b>	<b>4,744</b>	
Dividend	0	0	0	0	0	
<b>Retained Profits</b>	<b>4,359</b>	<b>1,861</b>	<b>2,329</b>	<b>3,645</b>	<b>4,744</b>	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	
Equity Capital	1,100	1,100	1,100	1,100	1,100	
Reserves & Surplus	22,908	24,328	26,658	30,302	35,046	
Borrowed Funds	79,149	87,914	1,01,102	1,17,278	1,34,869	
Current Liabilities & Provisions	1,742	2,527	5,369	7,006	8,246	
<b>Total Liabilities</b>	<b>1,04,900</b>	<b>1,15,870</b>	<b>1,34,229</b>	<b>1,55,686</b>	<b>1,79,262</b>	
Net Advances	89,081	98,436	1,15,289	1,34,312	1,54,374	
Investments	565	551	645	752	864	
Cash & Bank Balances	12,711	13,748	16,141	18,804	21,612	
Other Current Assets	1,126	1,718	413	-114	272	
Fixed Assets	1,326	1,368	1,549	1,712	1,884	
Deferred Tax Assets	91	49	191	222	255	
<b>Total Assets</b>	<b>1,04,900</b>	<b>1,15,870</b>	<b>1,34,229</b>	<b>1,55,686</b>	<b>1,79,262</b>	

Source: Company, JM Financial

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Growth (YoY) (%)</b>					
Borrowed funds	33.9%	11.1%	15.0%	16.0%	15.0%
Advances	40.8%	10.5%	17.1%	16.5%	14.9%
Total Assets	33.6%	10.5%	15.8%	16.0%	15.1%
NII	47.8%	18.7%	3.7%	16.7%	15.8%
Non-interest Income	-8.9%	-23.5%	266.6%	-10.4%	21.4%
Operating Expenses	14.5%	31.6%	18.1%	14.8%	11.3%
Operating Profits	77.5%	3.1%	11.3%	11.0%	22.4%
Core Operating profit	133.9%	15.2%	-29.2%	-27.1%	98.9%
Provisions	-63.0%	245.1%	3.8%	-17.1%	13.9%
Reported PAT	8,957.3%	-57.3%	25.1%	56.5%	30.1%
<b>Yields / Margins (%)</b>					
Interest Spread	11.26%	11.03%	9.55%	9.47%	9.44%
NIM	14.13%	13.83%	12.60%	12.58%	12.60%
<b>Profitability (%)</b>					
ROA	4.75%	1.69%	1.86%	2.51%	2.83%
ROE	21.8%	7.5%	8.8%	12.3%	14.0%
Cost to Income	45.2%	51.3%	52.8%	53.7%	51.3%
<b>Asset quality (%)</b>					
Gross NPA	2.63%	3.93%	3.29%	3.44%	3.60%
LLP	1.44%	4.23%	3.95%	2.83%	2.79%
<b>Capital Adequacy (%)</b>					
Tier I	26.25%	25.21%	22.86%	22.64%	22.97%
CAR	27.66%	25.85%	23.48%	23.25%	23.57%

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
NII / Assets	13.67%	13.48%	12.33%	12.41%	12.44%
Other Income / Assets	0.94%	0.60%	1.93%	1.49%	1.57%
Total Income / Assets	14.61%	14.07%	14.26%	13.90%	14.01%
Cost / Assets	6.61%	7.22%	7.53%	7.46%	7.18%
PPP / Assets	8.00%	6.85%	6.73%	6.44%	6.82%
Provisions / Assets	1.64%	4.71%	4.32%	3.09%	3.05%
PBT / Assets	6.36%	2.14%	2.41%	3.35%	3.78%
Tax rate	25.2%	21.1%	22.6%	25.0%	25.0%
ROA	4.75%	1.69%	1.86%	2.51%	2.83%
Leverage	4.4	4.6	4.8	5.0	5.0
ROE	21.8%	7.5%	8.8%	12.3%	14.0%

Source: Company, JM Financial

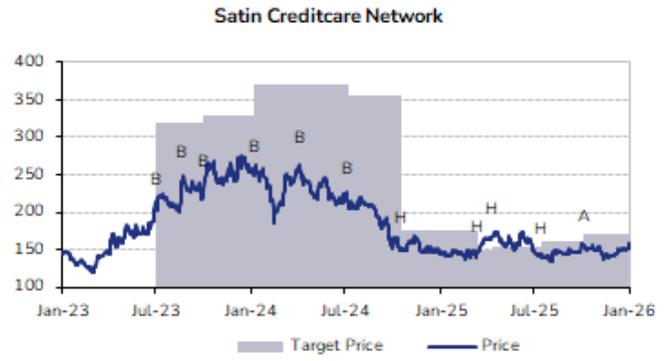
Valuations					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue	110.0	110.0	110.0	110.0	110.0
EPS (INR)	39.6	16.9	21.2	33.1	43.1
EPS (YoY) (%)	6,914.5%	-57.3%	25.1%	56.5%	30.1%
P/E (x)	4.0	9.4	7.5	4.8	3.7
BV (INR)	218	231	252	285	328
BV (YoY) (%)	16.3%	5.9%	9.2%	13.1%	15.1%
P/BV (x)	0.73	0.69	0.63	0.56	0.48
DPS (INR)	0.0	0.0	0.0	0.0	0.0
Div. yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company, JM Financial

**History of Recommendation and Target Price**

Date	Recommendation	Target Price	% Chg.
30-Jul-23	Buy	320	
15-Sep-23	Buy	320	0.0
29-Oct-23	Buy	330	3.1
4-Feb-24	Buy	370	12.1
1-May-24	Buy	370	0.0
1-Aug-24	Buy	355	-4.1
11-Nov-24	Hold	175	-50.7
8-Apr-25	Hold	150	-14.3
8-May-25	Hold	155	3.3
11-Aug-25	Hold	160	3.2
2-Nov-25	Add	170	6.3

**Recommendation History**



## APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

### Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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