Satin Creditcare Network | BUY

Mixed performance; growth and asset quality healthy

Satin Creditcare (Satin) delivered an RoA/RoE of 4%/20.4% supported by robust Q1FY27 AUM growth and continued improvement in asset quality. AUM grew 27% YoY/5% QoQ driven by healthy disbursement momentum and strong MSME growth. Operating performance was mixed as lower DA income and a change in portfolio mix weighed on NIM, despite a reduction in CoF. Sustainability of DA/MTM on forex needs to be monitored. Assets quality improvement continues with GS3 declining 94bps to 2.2% and continued moderation in PAR 0–90. Management further strengthened the balance sheet by creating an additional INR 360mn overlay provision; credit cost thus rose ~55bps QoQ. For FY27, management guided for AUM growth of 20–25% and credit cost of 3–3.5%, and mentioned the flood-related disruption in Assam affected five–six districts, forming ~5% of the Assam portfolio (~INR 1.5bn portfolio). Taking cognisance of the healthy guidance and robust asset quality metrics, we believe Satin is poised to benefit from the current MFI growth cycle. We expect an AUM CAGR of 23% over FY26–28E and an average RoA/RoE of ~2.95%/15% over FY27–28E. In all, we are revising up FY27–28E EPS by ~4.7% on average, yielding a TP of INR 277 (earlier INR 265) at an unchanged 0.8x FY28E P/BV; maintain BUY.

- **Healthy AUM growth**: AUM expanded 27% YoY (5% QoQ) fuelled by 56% YoY growth in consolidated disbursements. On the standalone book, the MSME segment showed strong 28% QoQ growth while MFI growth was subdued at 3% QoQ. Within its subsidiaries' portfolio, housing (subsidiary) AUM growth was flat (-0.3% QoQ) while the MSME subsidiary book grew 29% QoQ. The top two states' (UP and Assam) share expanded to 37.5% from 36.8% in Q4FY26 of on-book portfolio. Collections have been impacted in Assam due to floods; however natural calamity insurance covers ~65% of the book.

- **Operating performance mixed**: Reported NIM shrank ~200bps QoQ as the reduction of ~262bps in cost of funds led by forex gains was offset by a sharp drop in yields—attributable to lower DA income and shrinkage in the share of MFI portfolio. Consequently, NII grew 1% QoQ (25% YoY), whereas operating profit declined 8% QoQ as operating leverage benefit was offset by lower other income. We expect opex to normalise gradually over the medium term from an average of 7.05% over FY25–26 to an average of 6.8% over FY27–28E. Factoring in this coupled with lower credit cost, we build in an EPS CAGR of 33% over FY26–28E.

- **Asset quality metrics improve**: Asset quality improved substantially with GNPA/NNPA at 2.2%/0.3% (-94bps QoQ/-51bps QoQ). Delinquencies improved across buckets driven by better collection efficiencies leading to improvement in the PAR trend. PAR 1, PAR 30 and PAR 60 improved to 3%, 2.6% and 2.4%, respectively. Consequently, ECL provision declined to 1.8% (2.3% in Q4FY26). Satin recovered INR 80mn from the written-off pool during the quarter. The company maintains an additional management overlay of INR 360mn for any future stress. Management guided for credit cost of 3–3.5% (standalone). We build in an average credit cost (on AUM) of 2.5% over FY27–28E.

- **JMF view and valuation**: Taking cognisance of the 20–25% growth guidance and improving asset quality, we believe Satin is poised to benefit from the current MFI cycle. We expect its earnings to improve as operating leverage strengthens, not to mention lowering credit cost. All in all, we maintain BUY with a revised TP of INR 277 valuing the stock at an unchanged 0.8x FY28E BVPS.

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	277
Upside/(Downside)	15.4%
Previous Price Target	265
Change	4.5%

Key Data – SATIN IN	
Current Market Price	INR240
Market cap (bn)	INR26.5/US$0.3
Free Float (%)	43.8
Shares in issue (mn)	110.5
Diluted share (mn)	110.5
3-mon avg daily val (mn)	INR291.1/US$3.1
52-week range	INR274/133
Sensex/Nifty	78,095/24,384
INR/US$	95.4

Price Performance

%	1M	6M	12M
Absolute	-2.5	51.4	65.1
Relative*	-2.9	62.4	70.4

*To the NSE Nifty 50

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Financial Summary (INR mn)

Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Net Profit	4,359	1,861	3,322	4,513	5,859
Net Profit (YoY) (%)	8,957.3	-57.3	78.5	35.9	29.8
NIM (%)	12.0	12.2	12.5	12.4	11.5
AUM (YoY) (%)	30.0	6.1	20.7	22.6	24.0
Gross NPA (%)	2.0	3.2	2.6	2.5	2.0
ROA (%)	4.8	1.7	2.6	2.8	3.1
ROE (%)	21.8	7.5	12.3	14.6	16.2
EPS	39.6	16.9	30.2	41.0	53.2
EPS (YoY) (%)	6,914.5	-57.3	78.5	35.9	29.8
P/E (x)	**6.1**	**14.2**	**7.9**	**5.8**	**4.5**
BV	218	231	260	301	354
BV (YoY) (%)	16.3	5.9	12.6	15.8	17.7
P/BV (x)	**1.1**	**1.0**	**0.9**	**0.8**	**0.7**

Source: Company data, JM Financial. Note: Valuations as of July 31, 2026

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

Q1FY27 conference call takeaways

Guidance

- Management guided 20–25% consolidated AUM growth, reaching INR 182–189mn in FY27E with reported standalone credit cost at 3–3.5% and an RoA of 3.5–4%.
- Management to review guidance at the half year mark post-review of monsoons.
- DA as part of total AUM targeted to be in the 20–22% range

AUM mix/growth

- Management targets INR 320bn consolidated AUM by 2030.
- Non-MFI portfolio stands at 19% of total AUM with a targeted share of 30% by 2030.
- Green finance book reached INR 6.24bn with INR 2.94bn disbursed across 50 loans in Q1FY27.
- Started operations in Kerala in Jun'26.

Asset quality

- Management does not see any discernible impact of the West Asia crisis, but believes the revised monsoon outlook warrants caution on rural cash flows.
- Every top state is at a minimum collection efficiency of 99.6%.
- Stage 3 coverage has improved to 85% from 73% in Q4FY26, with an overall PCR at 115%.
- Reported credit costs of 3.06% include prudential management overlay of INR 360mn to cushion against impending shocks. Excluding the overlays, the credit cost is 1.97% for the quarter.
- The company is witnessing stresses in few districts due to the ongoing floods in Assam. This represents ~44,000 borrowers forming INR 1.5bn portfolio outstanding, of which INR ~0.97bn is covered by natural calamity insurance.
- On-book provision stands at INR 2.5bn against the RBI's requirement of INR 1.5bn.

Other highlights

- Satin Technologies had its first quarter with paying HRMS customers. Core banking platform has completed development, with go-live targeted for Q2FY27E. Post go-live, loan management and loan origination to be done for NBFCs.
- Satin Growth Alternatives received its CAT-II AIF licence, with first deployment expected in Q2FY27.
- Promoter infusion of INR ~1bn will be an enabling infusion for the subsidiaries that have grown fast.
- Field leadership team – comprising ~200 regional managers, zonal managers, circle heads and business heads – has recorded zero attrition.

Q1FY27 performance highlights

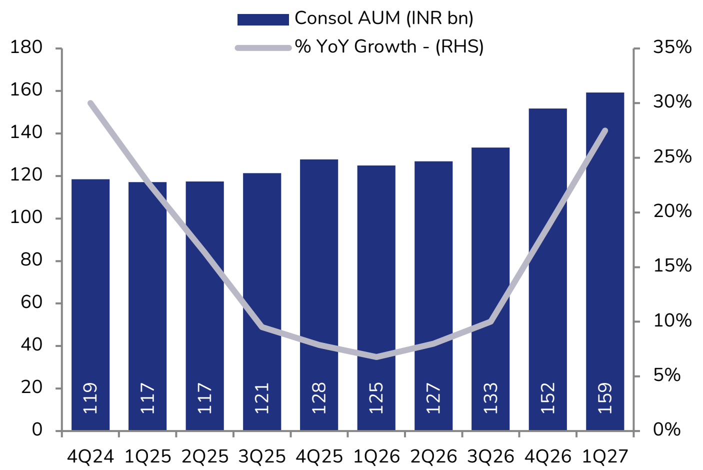
Exhibit 1: Q1FY27 result snapshot

Earnings (INR mn)	Q1FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Interest income on loans	6,153	6,311	7,140	16%	13%
Income from Assigned loans	493	1,447	941	91%	-35%
NII	**3,957**	**4,876**	**4,947**	**25%**	**1%**
Non-Interest income	151	541	191	27%	-65%
Total Income	**4,107**	**5,417**	**5,138**	**25%**	**-5%**
Employee Cost	1,587	1,893	1,877	18%	-1%
Other Operating Expenses	511	622	588	15%	-5%
Total Operating Expenses	2,098	2,515	2,465	18%	-2%
Operating Profit	**2,010**	**2,902**	**2,673**	**33%**	**-8%**
Total Provisions	1,429	780	1,061	-26%	36%
PBT	**581**	**2,122**	**1,612**	**178%**	**-24%**
Tax	130	501	386	197%	-23%
Reported Profit	**451**	**1,620**	**1,226**	**172%**	**-24%**
Key metrics (INR bn)					
AUM	125	152	159	27%	5%
Disbursements	22	44	35	56%	-21%
Key ratios					
Yield (%)- reported	22.6%	25.9%	21.3%	-130bps	-461bps
CoFs (%)- reported	9.4%	10.7%	8.1%	-134bps	-262bps
NIMs (%)- reported	13.2%	15.2%	13.2%	4bps	-199bps
Cost / Income ratio (%)	51.1%	46.4%	48.0%	-310bps	155bps
Credit cost (as % of AUM)	4.52%	2.19%	2.73%	-179bps	54bps
Gross NPA (%)	3.74%	3.12%	2.18%	-156bps	-94bps
Net NPA (%)	1.39%	0.85%	0.33%	-105bps	-51bps
Coverage Ratio (%)	62.9%	72.9%	84.7%	2173bps	1181bps
RoA (%)- reported	1.50%	4.70%	4.00%	250bps	-70bps
RoE (%)- reported	7.10%	23.30%	20.40%	1330bps	-290bps

Source: Company, JM Financial

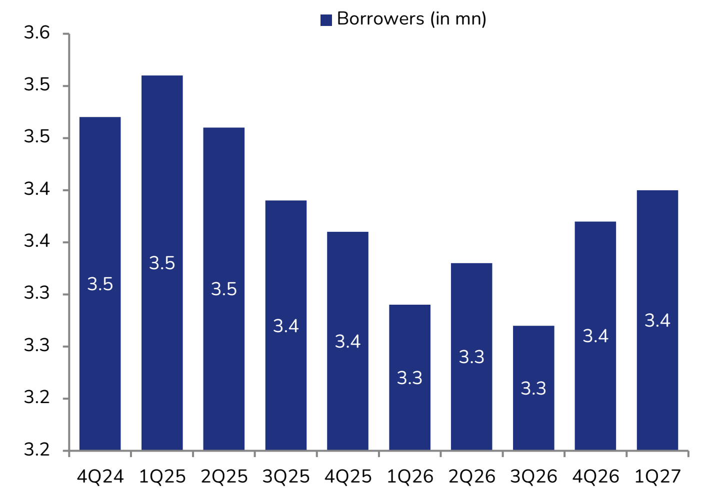
Quarterly trends

Exhibit 2: AUM growth shows continued sharp recovery



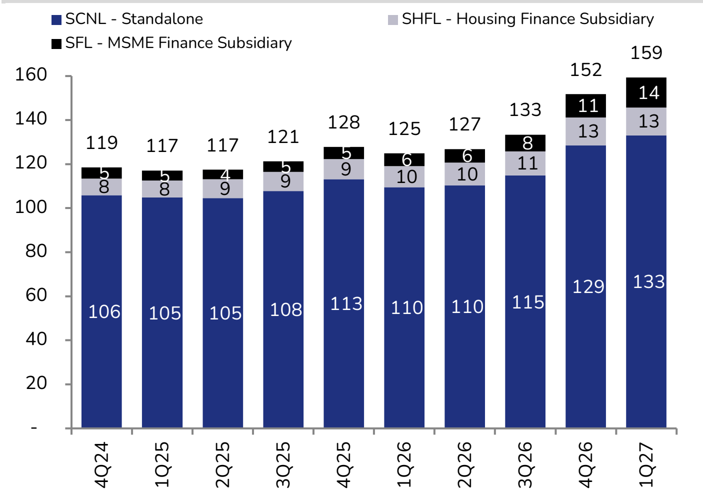
Source: Company, JM Financial

Exhibit 3: Borrower base increases



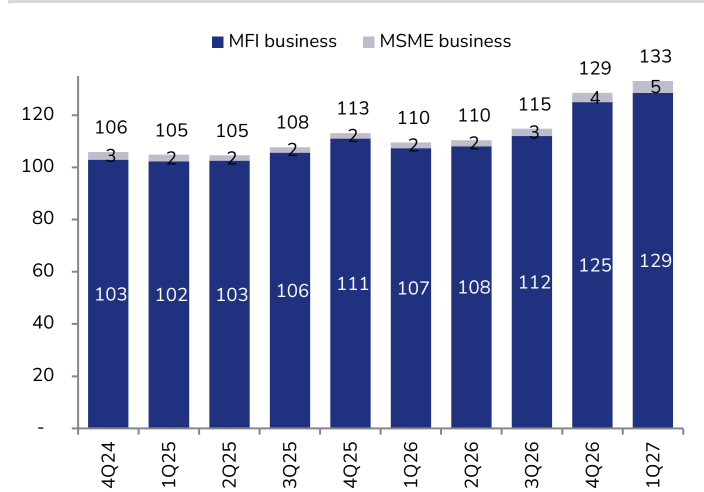
Source: Company, JM Financial

Exhibit 4: Share of SFL-MSME grows



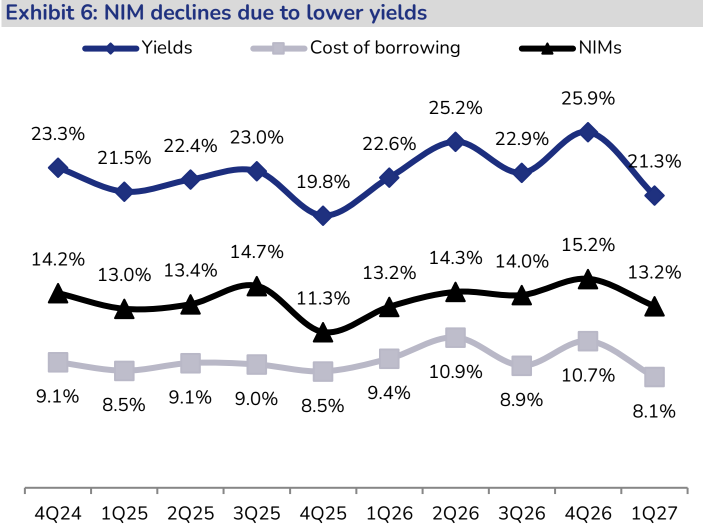
Source: Company, JM Financial

Exhibit 5: Standalone AUM breakdown – MFI business inches up



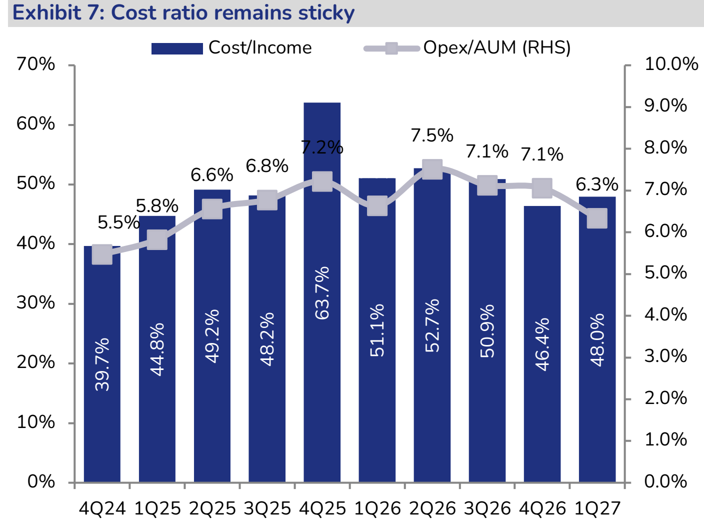
Source: Company, JM Financial

Exhibit 6: NIM declines due to lower yields



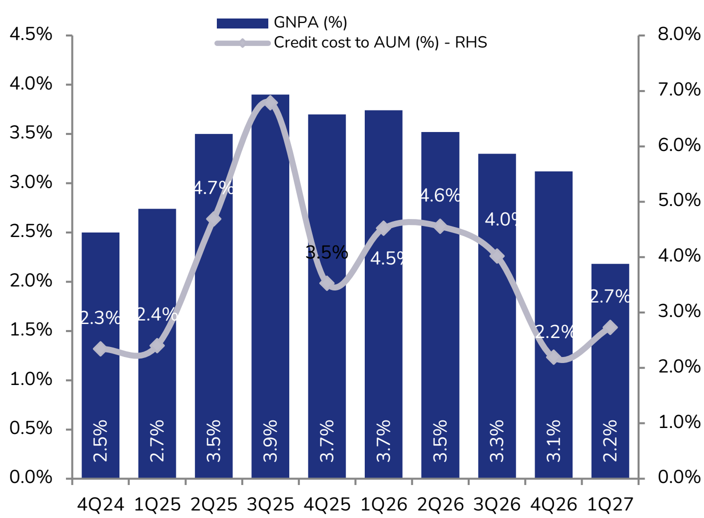
Source: Company, JM Financial

Exhibit 7: Cost ratio remains sticky



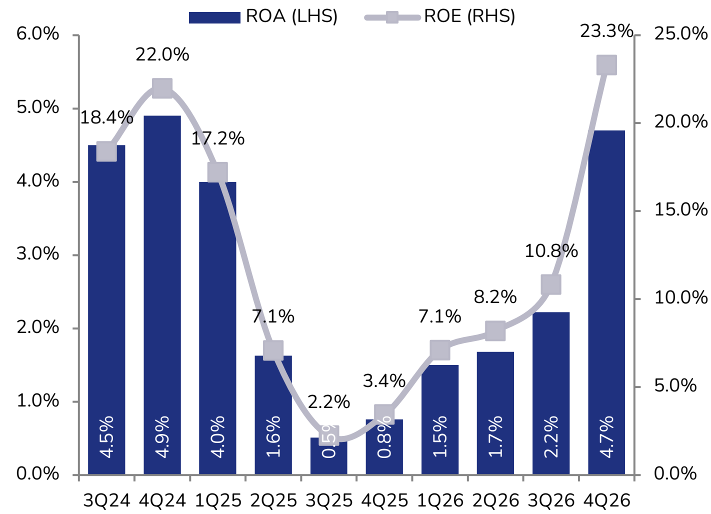
Source: Company, JM Financial

Exhibit 8: GNPA eases



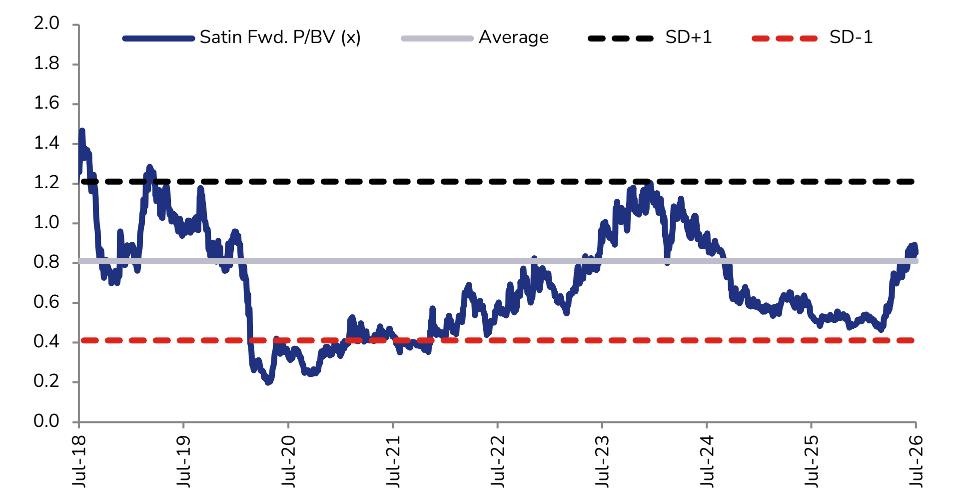
Source: Company, JM Financial

Exhibit 9: Returns' ratios improve significantly



Source: Company, JM Financial

Exhibit 10: One-year forward P/BV



Source: Company, JM Financial

Exhibit 11: Changes in estimates

Old vs. New Estimates	FY27E Old	FY27E New	Change	FY28E Old	FY28E New	Change
Recommendation				**BUY**	**BUY**	
Target price (INR)				**265**	**277**	**4.5%**
Income Statement (INR Mn)						
Net Interest Income (NII)	18,911	20,882	10.4%	22,567	23,934	6.1%
Total Income	**20,802**	**21,731**	**4.5%**	**24,854**	**25,168**	**1.3%**
Operating Expenses	10,786	11,145	3.3%	12,680	12,635	-0.4%
Pre-provisioning Profits	**10,015**	**10,586**	**5.7%**	**12,174**	**12,533**	**3.0%**
Total Provisions	4,272	4,568	6.9%	4,707	4,721	0.3%
PBT	5,744	6,018	4.8%	7,467	7,812	4.6%
PAT	**4,308**	**4,513**	**4.8%**	**5,600**	**5,859**	**4.6%**
Balance Sheet (INR Mn)						
Total equity	32,942	33,147	0.6%	38,542	39,006	1.2%
Total Borrowings	1,29,699	1,34,096	3.4%	1,53,045	1,58,233	3.4%
Advances	1,39,568	1,39,791	0.2%	1,68,540	1,73,332	2.8%
Total Assets	1,70,305	1,75,124	2.8%	2,00,825	2,06,750	3.0%
Key Ratios (%)						
NIM (%)	12.5%	13.8%	1.3%	12.6%	13.1%	0.6%
RoA (%)	2.74%	2.83%	0.1%	3.02%	3.07%	0.1%
RE (%)	14.0%	14.6%	0.6%	15.7%	16.2%	0.6%
EPS (INR)	39	41	4.8%	51	53	4.6%
BVPS (INR)	299	301	0.6%	350	354	1.2%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Interest Income	21,546	25,129	28,281	34,505	42,085
Interest Expense	9,010	10,269	10,983	13,623	18,151
Net Interest Income (NII)	12,536	14,859	17,298	20,882	23,934
Non Interest Income	859	441	1,197	849	1,234
Total Income	**13,395**	**15,300**	**18,495**	**21,731**	**25,168**
Operating Expenses	6,058	7,738	9,225	11,145	12,635
Pre-provisioning Profits	**7,337**	**7,562**	**9,270**	**10,586**	**12,533**
Loan-Loss Provisions	1,508	5,204	4,949	4,568	4,721
Others Provisions	-	-	-	-	-
Total Provisions	**1,508**	**5,204**	**4,949**	**4,568**	**4,721**
PBT	**5,829**	**2,358**	**4,321**	**6,018**	**7,812**
Tax	1,469	496	998	1,504	1,953
PAT (Pre-Extra ordinaries)	**4,359**	**1,861**	**3,322**	**4,513**	**5,859**
Extra ordinaries (Net of Tax)	-	-	-	-	-
Reported Profits	**4,359**	**1,861**	**3,322**	**4,513**	**5,859**
Dividend	-	-	-	-	-
Retained Profits	**4,359**	**1,861**	**3,322**	**4,513**	**5,859**

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Equity Capital	1,100	1,100	1,100	1,100	1,100
Reserves & Surplus	22,908	24,328	27,534	32,047	37,906
Networth	24,008	25,429	28,675	33,147	39,006
Borrowed Funds	79,149	87,914	109,915	134,096	158,233
Other Liabilities	1,742	2,575	5,278	7,881	9,510
Total - Liabilities	**104,900**	**115,918**	**143,868**	**175,124**	**206,750**
Net Advances	89,081	98,699	113,976	139,791	173,332
Investments	565	551	1,512	1,855	1,733
Cash & Bank Balances	12,711	13,748	22,511	22,367	25,133
Other Current Assets	1,126	1,057	4,118	9,095	4,277
Fixed Assets	980	1,032	1,282	1,526	1,760
Deferred Tax Assets	91	491	88	107	126
Other Assets	346	341	381	385	388
Total - Assets	**104,900**	**115,918**	**143,868**	**175,124**	**206,750**

Source: Company, JM Financial

Key Ratios					
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Growth (YoY) (%)					
Borrowed funds	33.9	11.1	25.0	22.0	18.0
Advances	40.8	10.8	15.5	22.6	24.0
Total Assets	33.6	10.5	24.1	21.7	18.1
NII	47.8	18.5	16.4	20.7	14.6
Non-interest Income	-8.9	-48.7	171.6	-29.1	45.4
Operating Expenses	14.5	27.7	19.2	20.8	13.4
Operating Profits	77.5	3.1	22.6	14.2	18.4
Core Operating profit	80.2	2.0	-14.5	45.4	18.1
Provisions	-63.0	245.1	-4.9	-7.7	3.3
Reported PAT	8,957.3	-57.3	78.5	35.9	29.8
Yields / Margins (%)					
Interest Spread	37.32	35.63	33.64	34.02	35.53
NIM	11.96	12.17	12.47	12.36	11.48
Profitability (%)					
ROA	4.75	1.69	2.56	2.83	3.07
ROE	21.8	7.5	12.3	14.6	16.2
Cost to Income	45.2	50.6	49.9	51.3	50.2
Asset Quality (%)					
Gross NPA	2.01	3.15	2.58	2.53	2.05
Credit Cost (on AUM)	2.55	8.28	6.52	4.91	4.09
Capital Adequacy (%)					
Tier I	26.3	25.2	23.9	19.2	19.8
CAR	27.7	25.9	25.4	20.3	20.8

Source: Company, JM Financial

DuPont Analysis					
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
NII / Assets	13.67	13.46	13.32	13.09	12.53
Other Income / Assets	0.94	0.40	0.92	0.53	0.65
Total Income / Assets	14.61	13.86	14.24	13.62	13.18
Cost / Assets	6.61	7.01	7.10	6.99	6.62
PPP / Assets	8.00	6.85	7.14	6.64	6.56
Provisions / Assets	1.64	4.71	3.81	2.86	2.47
PBT / Assets	6.36	2.14	3.33	3.77	4.09
Tax rate	25.2	21.1	23.1	25.0	25.0
ROA	4.75	1.69	2.56	2.83	3.07
Leverage	4.4	4.6	5.0	5.3	5.3
ROE	21.8	7.5	12.3	14.6	16.2

Source: Company, JM Financial

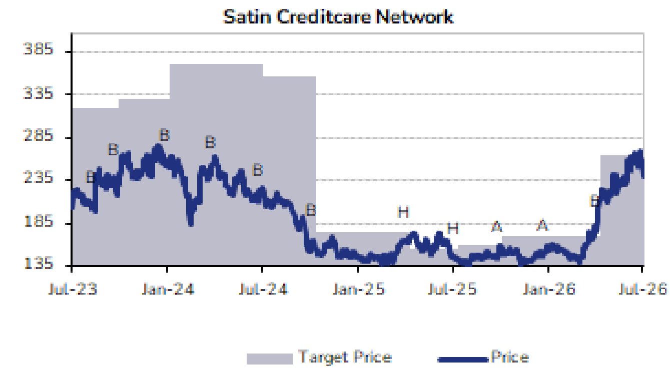
Valuations					
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Shares in Issue	110.0	110.0	110.0	110.0	110.0
EPS (INR)	39.6	16.9	30.2	41.0	53.2
EPS (YoY) (%)	6,914.5	-57.3	78.5	35.9	29.8
P/E (x)	6.1	14.2	7.9	5.8	4.5
BV (INR)	218.2	231.1	260.2	301.2	354.5
BV (YoY) (%)	16.3	5.9	12.6	15.8	17.7
P/BV (x)	1.10	1.04	0.92	0.80	0.68
DPS (INR)	-	-	-	-	-
Div. yield (%)	-	-	-	-	-

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
12-May-26	BUY	265	55.4
29-Jan-26	ADD	170	0.3
2-Nov-25	ADD	170	6.3
11-Aug-25	HOLD	160	3.2
8-May-25	HOLD	155	-11.4
11-Nov-24	BUY	175	-50.7
1-Aug-24	BUY	355	-4.1
1-May-24	BUY	370	0.0
4-Feb-24	BUY	370	12.1
29-Oct-23	BUY	330	3.1
15-Sep-23	BUY	320	0.0
30-Jul-23	BUY	320	

Recommendation History Chart



APPENDIX I

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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 >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -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)

Important Disclosures

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