



SATIN CREDITCARE NETWORK LTD.
Reaching Out!

“Satin Creditcare Network Limited Q3 & 9 Months FY26 Earnings Conference Call”

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DOLAT CAPITAL



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MODERATOR: **MR. AMAN MEHTA – DOLAT CAPITAL MARKETS
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Moderator: Ladies and gentlemen, good day and welcome to Satin Creditcare Network Limited Q3 and 9 Months FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aman Mehta from Dolat Capital Markets Private Limited. Thank you, and over to you, sir.

Aman Mehta: Thank you, Rudra. On behalf of Dolat Capital, I welcome all the participants on the call and thank the management of Satin Creditcare Network Limited for the opportunity to host this call. For today's call, I have with me the members of the management and leadership team. This includes Dr. HP Singh, Chairman cum MD; Mr. Jugal Kataria, Group Controller and Ms. Aditi Singh, Chief Strategy Officer.

And with this, I now hand over the conference to Dr. HP Singh, Chairman cum MD to preside over the call. Thank you, and over to you, sir.

HP Singh: Thank you. Good morning, and thank you for joining us to discuss our performance for Q3 and 9 months of financial year '25-'26. I trust you had the opportunity to review our financial results and investor presentation. And in case you haven't, you can find them on our website and the stock exchanges.

While summarizing our performance not just for the last quarter, but for the past 35 years, one thing is consistent that our focus has always been on long-term value creation, balancing growth with responsibility and ambition with discipline. Inclusion for us is not merely a concept, it's a conviction. It guides every decision we take.

Our progress has been shaped by thoughtful product diversification, a strong understanding of rural and semi-urban markets, and the application of robust process-led technology to serve customers efficiently and responsibly at scale. This approach has enabled us to deliver stable and consistent performance even in a challenging operating environment.

We are very focused on data-led analytics backed by technology and processes, which leads to our distinguished performance. I am particularly proud to share that we have delivered 18th profitable quarter in a row. Our credit cost for the last 6 years has been amongst the lowest at 3.3% and ROA amongst the highest at 2.1% on a standalone basis.

We have grown despite a sector-wide degrowth in current industry headwinds. This is a testament to our prudent underwriting strong governance and deep-rooted presence in our core markets. Our subsidiaries reflect our intentional strategy of diversification, each created to address real and evolving needs.



From enabling access to affordable micro housing to supporting the missing middle through financing sustainable and emerging businesses, where traditional credit systems fall short, our portfolio is designed to complement and strengthen our core lending franchise. Technology remains a key enabler of our growth. Our investments in technology and internal capabilities have enhanced efficiency, improved risk management and strengthen controls.

This foundation gave us the confidence to extend our technological offerings beyond the group, leading to the creation of Satin Technologies Limited. This month, Satin Technologies acquired 51% stake in QTrino Labs, a deep tech cybersecurity company focused on post-quantum cryptography. This strategic step reinforces our belief that foresight, preparedness and innovation are essential to building a future-ready institution.

A very proud moment for Satin Creditcare Network Limited was achieving a score of 59 in our first-ever S&P Global Corporate Sustainability Assessment, CSA. Our performance was driven by strong human capital management, business ethics, and risk and crisis management practices. This recognition further strengthens our position as a credible and responsible participant in India's sustainable finance ecosystem. In a country with over 1 billion aspirations, inclusion cannot be uniform. It must be thoughtful, compassionate and courageous.

This belief defines the Satin Group and continues to guide us as we work towards sustainable growth and shared prosperity. Coming to the performance of SCNL, we continue to demonstrate strength where it matters most, consistency, resilience and value creation. We have delivered growth of 7% year-on-year, reaching an AUM of INR11,482 crores. We raised INR7,151 crores during 9 months FY '26, and added 363 branches.

No clients having more than three loans reflecting healthy credit discipline. We have also introduced natural calamity insurance and credit guarantee fund for micro units, CGFMU to further de-risk our portfolio. Our capital adequacy has consistently remained well above regulatory requirements, staying about 25% over the last 27 quarters, providing ample headroom for growth and innovation. Equally important is the strength of our leadership.

Our CXO team has an average tenure of nearly 10-plus years, ensuring continuity, stability and a long-term strategic vision in an industry where leadership churn is common. Speaking about our commitment to compliance and good governance, I'm happy to share that there are zero incremental provision on account of Labour Codes.

On a consolidated basis, our AUM grew by 10% year-on-year to INR13,341 crores. Disbursement momentum remained steady with INR8,094 crores disbursed in 9 months FY '26 on a consolidated basis, up 7% year-on-year, and INR7,382 crores on a stand-alone basis, representing a 6% year-on-year growth.

Our distribution network continues to expand thoughtfully. On a consolidated basis, we now operate through 1,987 branches, covering 558 districts across 26 states and 5 union territories. On a consolidated basis, branch count increased by 452 since Q3 FY '25. This extensive geographic presence strengthens our ability to serve economically underserved and remote markets. As of the quarter end, our consolidated client base stood at 32.7 lakhs.



On asset quality and risk management, as of Q3 FY '26, PAR 90 levels improved to 3.3% at INR287 crores on a stand-alone basis, reflecting stability and disciplined credit management. This consistency underscores strong client engagement and robust field level execution. We held on-book provisions of INR272 crores, representing 3.2% of the on-book portfolio, well above RBI requirements of INR141 crores. This also includes a management overlay of INR12 crores.

For Q3 FY '26 -- '25-'26, revenue stood at INR753 crores, reflecting 10% Y-o-Y growth on a consolidated basis. Net interest margin was 14.25% on a consolidated basis and 14.71% stand-alone. Operating expense ratio stood at 7.35% consolidated and 7.23% stand-alone. Loan loss ratio on a stand-alone basis was 4.23%. On a consolidated basis, ROA and ROE stood at 2.22% and 10.82%, respectively.

Stand-alone ROA and ROE stood at 2.33% and 9.57%. PAT for the quarter stood at INR72 crores at consolidated level, up by 404% Y-o-Y. On liquidity and capital position, CRAR stood at 24.64%. Liquidity position remained strong with INR2,283 crores of balance sheet liquidity and INR2,206 crores of undrawn sanctions standalone.

For FY '25-'26, we continue to target an improvement in credit costs as compared to FY '24, '25, which was 4.6%, supported by tighter underwriting, improved collections and deeper customer engagement. On the industrial outlook, we remain confident in the long-term potential of the rural financial services sector. With a large portion of India's population still outset formal credit systems, the need for responsible small ticket financing remains strong.

While the sector is navigating a transitional phase, we believe the steps being taken today will result in a more resilient, sustainable and profitable cycle ahead. The rural economy is resilient and a good monsoon led to bumper harvest, thus elevating the income level. We also see a rise in aspiration spend at rural economy and Digital India is creating a scope for more product innovation.

On the subsidiary performance, Satin Housing Finance Limited AUM has touched INR1,101 crores. Y-o-Y growth is 26.3%, and CRAR of 61.96%. Satin Finserv is INR759 crores. Y-o-Y growth of 58.4% and CRAR of 36.12%. Satin Growth Alternatives Limited has applied for license with SEBI, and we are awaiting the same. It is going to be one of its kind AIF Category 2 fund, which is women-led and shall focus on women-led and green MSME.

On governance, SSG and recognition, our SSG -- ESG focus continues through carbon footprint assessment and targeted emission reduction initiatives. Following our materiality assessment, we continue to focus on 21 material topics critical to long-term sustainability. We are proud to share recognition received during the year, including Elaben Award for Best Women-Friendly Institution 2025. WATSUN Financing Award and Brand Wagon award for Excellence in BFSI Sector Campaign, reflecting our commitment to excellence, innovation and inclusion.

Thank you once again for joining us today and for your continued trust and support. As we move forward, we remain committed to building a stronger, more inclusive and purpose-driven organization. We are confident that we shall continue to outperform. With this, I would like to now open the floor for questions. Thank you.



- Moderator:** Thank you very much. We will now begin the question and answer session. Our first question is from the line of Prabhu Sharma from Yash Investment LLP. Please go ahead.
- Prabhu Sharma:** Yes. Good morning, Mr. Singh and all the Satin team and congratulations for a good set of numbers.
- Moderator:** Sorry to interrupt sir, but you are not sounding clear.
- Prabhu Sharma:** Congratulations on good set of numbers. I have a couple of questions. First we have observed certain maintaining relatively high liquidity on the balance sheet. Could the management please elaborate on the rationale behind this strategy while high liquidity always generate negative ROA. Will you keep such high liquidity going ahead also? My first question?
- HP Singh:** Let me answer the first question and then I'll probably go to the second question. I think this was kind of deliberate that we kept high liquidity because I think because of the headwinds in the industry, liquidity was kind of very, very challenging for a lot of players. So we thought that it is very prudent during these times to keep high liquidity. But this is not going to be the norm for the future. We'll definitely bring it down once the situation eases, and it is easing now for the entire sector. It wasn't a problem for us, but I think we were a little conservative in keeping the excess liquidity.
- Management:** And then just to add, this is the quarter end number. On an average, we keep about INR1,500 crores- INR1,600 crores of liquidity, which is broadly 45 days of disbursement, but quarter-end numbers are slightly elevated because we get funding towards the quarter.
- Prabhu Sharma:** Okay. My second question is, what factor has Satin to reduce cost of borrowing almost 200 basis points down on quarter-on-quarter basis. Our gross yield also reduced in the same manner. Maybe both are reason? Is it lower cost borrowing passed to customer or anything else? And also, I have another one question after that?
- HP Singh:** Yes. So for us, I think because of the repo rate going down, I think we were able to manage, because of our, again, good portfolio quality and profitability, we were able to manage to get our cost of funds down from where we were.
- But having said that, I think for us, I think looking at the future, we feel that if there is any more repo rate going down, I think we will probably now, since we have a very stable NIM, we would probably like to pass on maybe any decrease in cost of fund to our ultimate borrower that is what we feel that we can do because we've got a very healthy and a stable NIM, which is there.
- Aditi Singh:** Mr. Sharma, so one clarity, when you are saying it has reduced by 200 bps, you are actually looking at the yield curve or the DuPont analysis. One thing I would like to again bring to your notice is that we had actually given out the commentary last quarter that due to MTM gains and the corresponding forex expenses, both yield and the cost of borrowings were inflated last quarter.
- If you want the absolute number, the yield was increased by INR83 crores due to MTM gains and the cost of borrowing increased by INR74-odd crores. So Q-o-Q, if you see, you will find a



big variation. So yes, the cost of borrowing has come down but not by 200 bps. The NIM -- I will just highlight the NIM to you. If you see the NIM from last quarter to now, it is more or less the same or stable. Yes, now you can ask the third question, please.

Prabhu Sharma: Okay. Understood. And any outlook for cost-to-income ratio for quarter 4, ROA, ROE growth guidance for quarter 4 and next year? And may I know the reason for negligible ROA, ROE for subsidiary like Satin Housing and Satin Finserv. And last -- recently, your Board approved a rights issue, about right issue. So put some light on the rights issue also?

HP Singh: So Mr. Sharma, I think what we've been able to do, our focus is towards subsidiaries also, but these bases are very small. And I think they would have lower ROAs right now in the initial phases because they are in an expansion mode. They are opening branches. And I think for us, it is more to look at -- if you look at the percentage of increase over there, it's about 40%- 50% year-on-year.

So I think it's a lower base, but we've crossed the first milestone in housing that we've crossed about INR1,000 crores. And I think we'll be probably crossing our first milestone for Finserv also by crossing INR1,000 crores pretty soon. On our guidance, I think we are very clear that for us, we had stated that we will bring down our credit cost from 4.6%, which was for the last year, down from there. We already have achieved 9 months by 4.52%.

There is a slight dip over there. But if you look at the quarter, I think for us, the credit cost is 4.23%. Now having said that, our whole endeavor is to end the year probably at around 4%, which will be 50 basis points down from what was there last year. And we are very hopeful that we'll be able to achieve that. And that is what our guidance probably remains for that -- there.

Prabhu Sharma: What about rights issue announced in...

Management: Are you talking about investment in Satin Finserv?

Aditi Singh: Yes, that was the rights issue, we put in capital.

Management: So we have put in INR50 crores of capital in Satin Finserv because growing fast since it is a wholly owned subsidiary, it is being done through the rights. The same we have done in January in Satin Technology also because that is also a wholly owned subsidiary. So we are investing money in the subsidiary through rights issue basis. I hope this clarifies.

Prabhu Sharma: It is more for the entire Satin Credit?

HP Singh: No. This is for the Finserv, for the subsidiary because we are the 100% shareholder of our wholly own subsidiary. It's a wholly own subsidiary -- that's right.

Prabhu Sharma: And sir, last, cost-to-income ratio, what will be the guidance for quarter 4 and entire next year

HP Singh: No guidance, I think we are looking at ROA to be very specific, and I think that will cover probably our cost-to-income ratios also. So -- and hopefully, we want to increase our ROA. It has started increasing, I think you'll see, maybe results in that and then correspondingly in the cost-to-income ratios also.



Moderator: Our next question is from the line of Rohitash Arora, an Individual Investor.

Rohitash Arora: Sir, what percentage of our AUM is currently under CGFMU scheme? This is my first question?

HP Singh: Right now, it's not there. We just got our approval for the CGFMU scheme. We are also now waiting for the credit guarantee scheme, which probably would be there. So we are just waiting for that. Once we have clarity on what is there, I think then we'll start working on that in our AUM. Right now, it's NATCAT insurance, which is there for all our borrowers.

Rohitash Arora: And sir, is our current situation comfortable, means we can accelerate for high disbursals?

HP Singh: We've given -- we said that we will grow by 10% to 15%. I think we remain steadfast on that. We've already grown 10% Y-o-Y in the last quarter, if you look at it, I think we are on course to do that.

Rohitash Arora: But we have increased our branch at a very high pace. So that can result in?

HP Singh: No, that's how growth happens.

Rohitash Arora: Yes. But existing branches can also disburse loan as the industry was on slow down last year?

HP Singh: The already existing branches are already doing that, but we wanted to add more branches basically, and that is how we are looking at growth to probably come in.

Rohitash Arora: And our credit cost is expected to decrease in Q4 of FY '26?

HP Singh: Absolutely.

Moderator: Our next question is from the line of Ankur Kumar. Please go ahead.

Ankur Kumar: Sir, in terms of -- as things seems to be improving in the MFI industry, what is your thoughts on the same? And given things seem to be improving, what is the guidance on AUM for next year and on the credit cost for next year, sir?

HP Singh: So look, I think we still not issued our guidance for the next year. But I have said, overall, we are looking at 10% to 15% growth in terms of our AUM. In terms of credit costs, we said that we bring it down this year. We've already started bringing it down. Going forward, there's absolutely no guidance, but one thing which we can probably tell you the credit costs will start going down further ahead from where we are.

And that is what is. And if you look at the industry, I think the industry is also now coming back on it's feet. I think the headwinds are practically over. You can see green shoots now coming in. I think overall it bodes well for the industry as well as for us.

Ankur Kumar: But sir, given in the past, we were growing at a much faster rate, why do we want to grow at only 10%, 15% for the next year, sir?



- HP Singh:** We want to have a very cautious growth. That's one. The second reason is, we are growing our subsidiaries pretty strongly. That's another reason. So for us, our hands are completely full by looking at all these categories and the asset classes, which we are building up. So for us, I think at a 10% to 15% growth in the micro finance space is probably very cautious and very good.
- We want to acquire premium customers. We want to acquire -- underwriting should not probably be -- should be amongst the best. We want to maintain a very robust asset quality. So growth with essence of higher profitability, underwriting and asset quality probably is what our forte is, and that is what we are probably achieving for.
- Ankur Kumar:** So this 10% to 15% is the MFI growth assumption or like full company growth in terms of consumption?
- HP Singh:** Just the MFI -- just the MFI. I told you the base for the subsidiaries are small. They've grown by about 40%, 50%. They will continue to grow by that same percentage numbers over there.
- Ankur Kumar:** Got it, sir. And sir, on ROA or ROE, any estimate for next year, would you like to give?
- HP Singh:** General, this thing, it will be better than what we are right now.
- Moderator:** Our next question is from the line of Amit Mamodia from Ganpati.
- Amit Mamodia:** Actually, my question was earlier asked. But if you can provide me the time line when we will be able to put claims under this CGFMU?
- HP Singh:** I think we are still waiting for the guarantee scheme to come in from the government. I think it is anytime soon. The moment it comes in, we look at the broad parameters and the terms to how do we really look at it. But I think what we've done in our first instance, we've actually taken this climate insurance, which is natural calamity insurance.
- That probably gives us maybe a little bit of cover in terms of natural calamities, which we normally suffer from the monsoon and floods and everything. So that -- we've taken our first cover. But I think we're just waiting for the scheme to come in. The moment it comes in, I think it will probably be added on to how we look at the AUM.
- Amit Mamodia:** First quarter, can we expect in this upcoming new year?
- HP Singh:** Hopefully, hopefully. It depends on when it comes when the government announces it. I think it just take us a very short time to probably understand that and then put and enforce it.
- Amit Mamodia:** Once again, congratulations for good set of numbers.
- Moderator:** Our next question is from the line of Ritika Behera from Bandhan AMC.
- Ritika Behera:** Very good set of results. So broadly just two questions. One is that while you have already infused capital, can you just maybe clarify would any other subsidiary would lead further? Or are we good on the other subsidiaries front considering that we're growing our...

- HP Singh:** We go according to how they are growing. I think that is probably one of the benchmarks we do it. And they're still right now very highly capitalized. Whenever we require, I think we still have sufficient buffer in terms of capital, internal accruals in the parent company that we are able to infuse it. Right now, it remains range bound within that scope.
- But if we feel that there is a requirement in terms of -- the way we did an acquisition, it was a small acquisition we did, but with a lot of white space valuation in terms of looking at the future. I think for us, we will only take it when we feel that we do not have or we -- probably we required to raise more capital at that point of time. Right now, I think we are fully geared up to do whatever we have to do in terms of our capital buffers.
- Ritika Behera:** Sure. Sir, secondly, on the liability side, what is our dependence today on maybe overseas?
- HP Singh:** Overseas has now increased to about 15% in the overall metrics of -- so 70% is banks and about 15% is overseas. And I think about 7-odd percent, if I remember correctly, is about DFI, which is there. So if we club both of them together, it's about 22%, which is foreign money.
- And to be very honest with you, we're getting a very big traction in terms of foreign money which is coming in. In fact, we just attended a conference. And there's been a lot of valuable insights coming in for at least our company over there and we'll be going forward with that. So we have a lesser dependency now on domestic funds as was earlier.
- Ritika Behera:** Sir, that's great to know. Just also, maybe, if you could also help understand that today on a -- obviously, all this 22% would be fully hedged is...
- HP Singh:** Yes, everything is fully hedged. Absolutely hedged.
- Ritika Behera:** So sir, on a full hedged basis, what is the cost differential today between the domestic and the foreign?
- HP Singh:** We look at the overall IRR. It comes basically around the same where we are raising domestic funds. In fact, I think maybe a couple of -- we got slightly lower than what domestic is all put together, the hedging, the cost as well as everything put together in terms of that.
- Ritika Behera:** But this could be a little more, I think, sticky in terms of they are largely long-term in nature, as in the average maturity there would be...
- HP Singh:** They are long-term.
- Ritika Behera:** They are long-term, which is good.
- HP Singh:** Average maturity is normally about 3.5 years. But we are getting some funds which are 4 years and 5 years.
- Ritika Behera:** And sir, just last question, while very initial days, but I think, so some -- one or two of the NBFCs, MFI have been highlighting, not a very big concern, but a very preliminary concern around the SIR issue. So especially in adjacent areas of West Bengal, have we faced any, in terms of, maybe any concerns there? So that's the last question.

- HP Singh:** There is -- I would like to put it on record, there is no concern as of now. And if you look at our state collection efficiencies, which we've highlighted in the investor presentation, we have performed very well in every possible top state of ours. But there's absolutely no concern right now in West Bengal also.
- Moderator:** Our next question is from the line of Chinmay Nema from Prescient Capital.
- Chinmay Nema:** I just had a book-keeping question. Could you please share the write-off number for 9 months FY '26?
- HP Singh:** Write-off numbers are about INR273 crores.
- Chinmay Nema:** Got it. And could you also please share the same for third quarter?
- HP Singh:** Sorry?
- Chinmay Nema:** For the third quarter?
- HP Singh:** INR160 crores.
- Moderator:** Our next question comes from the line of Vaibhav Joshi, an Individual Investor.
- Vaibhav Joshi:** So my first question is, some of the geographies are performing very well like Assam, while others are kind of not performing that much. Any specific reasons for West Bengal and Bihar not performing well?
- HP Singh:** They're performing well. If we look at the collection efficiency number, they are pretty good. But Assam, yes, is an outlier, we have 100% over there. But if you look at Bihar, it's about 95.4%; Uttar Pradesh, 99%. If you look at West Bengal, which is about 94%, Punjab is there. So I think it is not something which probably will be static or maybe the same across all the geographies. There will be variation.
- But if you look at the overall collection efficiency, I think that probably sounds good, which is at about 98%. So over there, that's one of the things which you should look at. And the second, which is more important for us is to look at the X Bucket collection efficiency. That's 99.8%.
- So I think state-wise, there could be a variation and everything, but they are fine. And sometimes we really have to battle also legacy issues from the sector, from others missing across. So therefore, a particular state to probably not perform that very well. But I think overall, 98% and 99.8% is probably the figures to probably look forward to.
- Vaibhav Joshi:** And my second question is in terms of expansion, which are the geographies we are targeting to expand more? Are there any focused geographies?
- HP Singh:** Yes. So we are taking a conscious call now to -- when we opened up these 400 branches of as we took a conscious call of diving deep into the existing geographies. But we are also adding up Kerala, which was one state, which was missing in our whole portfolio. I think we just hired a couple of people for Kerala. I think they'll be up and running maybe in the next couple of months



it will be up and running. But it's the same. We want to expand into various geographies where we don't have a presence, plus also deep diving into the existing geographies as such.

Vaibhav Joshi: And my last question is, would you like to give any credit cost guidance for FY '27?

HP Singh: I said it will be better than what we are right now. So if we end the year closer to 4%, I think it will be that. I can't issue a guidance right now, basically, but definitely more closer to when we end the year. And when you are able to see that what we said, we performed that well, and we are there. I think that will be the right time for us to issue a guidance.

Vaibhav Joshi: Since PAR 1 has fallen quite drastically. Don't you think 4% is a conservative guidance for this year?

HP Singh: See, it goes quarter-by-quarter. We had first 6 months, which was kind of difficult and challenging for the entire industry, but we were better off than the entire industry over there. So I think it's a follow on, which happens across over there, you'll see over there. It goes quarter-by-quarter.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments.

Aditi Singh: Thank you, everyone. This is Aditi Singh. So we have tried to take as many questions as we could. And we hope we were able to satisfy all your queries. Also, we have tried to give very elaborate details in our investor presentation. So that will give you a lot of insights, even if you could not discuss something over this call.

Still, if you want to discuss or clarify anything further, I encourage you to get in touch with Valorem Advisors, who are our IR Advisory Agency or you can also reach out to me, aditi.singh@satincare.com, I'm the Chief Strategy Officer, will be happy to look at your queries. Thank you, everyone. Have a great day. Bye-bye.

Moderator: Thank you. On behalf of Dolat Capital Markets Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.