

**Leadership change surprises, though outlook remains positive**

 Reco/View: **Positive**

 CMP: **Rs. 90**

 Price Target: **Rs. 110**

**VIEWPOINT**

Result Update - Q3FY2026

**SECTOR**

NBFC

**COMPANY DETAILS**

Market cap:	Rs. 9,868 cr
52-week high/low:	Rs. 79 / 123
NSE volume: (No of shares)	20.1 lakh
BSE code:	543959
NSE code:	SBFC
Free float: (No of shares)	8.9 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

**SHAREHOLDING (%)**

Promoters	52.8
FII	6.9
DII	19.5
Others	20.8

Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE CHART**


Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE PERFORMANCE**

(%)	1m	3m	6m	12m
Absolute	-14.1	-19.5	-24.1	0.9
Relative to Sensex	-9.5	-15.9	-22.7	-5.7

Source: Mirae Asset Sharekhan Research, Bloomberg

**Quick Snapshot**

- AUM rose 28.6% y-o-y and 5.4% q-o-q to Rs. 10,478 crore driven by robust gold loan growth.
- PAT was above estimates, up 34% y-o-y and 8.2% q-o-q driven by NII growth, improvement in operational efficiency and stable asset quality.
- Opex/AUM improved too, reducing by 65 bps y-o-y and 44 bps q-o-q to 3.79%. Credit cost stayed high.
- Aseem Dhru, CEO & MD has stepped down, but we do not see any significant impact of the same in the medium to long term. We stay positive on the stock with a revised PT of Rs. 110.

**Result overview**

- NII, in line with estimates, grew 29.9% y-o-y and 4.3% q-o-q. NIM stood at 9.98% (of AUM), falling 11 bps q-o-q as yields dropped. However, it rose 10 bps y-o-y.
- Opex/AUM reduced on lower employee costs, falling 65 bps y-o-y and 44 bps q-o-q to 3.79%, driving profitability. Employee cost merely rose by 5.4% y-o-y and drop by 5.5% q-o-q.
- PPOP, beat estimates by 3.0%, growing by 39.5% y-o-y and 7.8% q-o-q to Rs. 190.5 crore driven by growth in NII and improvement in operating efficiency.
- Credit costs came in at 1.25% (of AUM) rising 31 bps, however it was flat sequentially. Provisions rose 70.9% y-o-y and 5.6% q-o-q to Rs. 32.7 crore.
- PAT, beat the estimates, came in at Rs. 118.0 crore, a strong growth of 34.0% y-o-y and 8.4% q-o-q driven by strong NII growth and improvement in operational efficiency along with stable asset quality. RoA rose 18 bps y-o-y and 11 bps q-o-q to 4.67%.
- AUM crossed Rs. 10,000 crore mark, standing at Rs. 10,478 crore, representing a healthy 28.6% y-o-y and 5.4% q-o-q expansion. Disbursements remained flat y-o-y at Rs. 699 crore but fell sharply 14.2% q-o-q due to a higher BT-Out and focus on building quality portfolio.
- Asset quality improved, with GNPA came in at 2.71%, up 1 bps and down by 6 bps. NNPA came in at 1.48%, down by 15 bps y-o-y and 3 bps q-o-q.

**Our Call**

AUM is expected to grow by 26.7% (CAGR) over FY25-FY28 driven by continued strong demand in both MSME and gold loans, shifting towards higher ticket loans, opening of new branches and expansion in tier-III cities. A strategic 19% gold loan mix serves as a better hedge, ensuring steady asset quality. With stable opex, normalisation of credit cost (from FY2027), steady asset quality are expected to drive PAT CAGR of 28.0% in FY25-FY28. We expect RoE to expand to 16% by FY28 and RoA at 5.0% in FY28. Hence, We maintain a positive view on stock with revised PT of Rs. 110, anticipating a 22% upside. Stock currently trades at 2.3x and 2.0x its estimated FY2027 and FY2028 BV, respectively.

**Key Risks**

Slowdown in rural economy can impact deterioration in asset quality and profitability.

**Valuation**

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income	568	777	1,009	1,260	1,590
Net profit	236	345	447	570	729
EPS (Rs)	2.3	3.1	4.1	5.2	6.7
P/E (x)	39.3	28.6	22.0	17.3	13.5
P/BV (x)	3.4	3.1	2.7	2.3	2.0
RoE (%)	10.5	11.6	13.1	14.5	16.0
RoA (%)	3.7	4.4	4.6	4.8	5.0

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Jan 23, 2026

## Concall highlights

### AUM & disbursements

- AUM rose strongly 28.6% and is likely to see a 5-7% growth on quarterly basis.
- Disbursements saw flat growth on yearly basis and dip on quarterly basis due to focus on higher credit score clients and BT-outs.

### NII & NIM

- RBI has cut repo rate by 125 bps but banks did not pass the fully benefit of reduction. Further, the company expects stability/hardening of the repo rate so it expects no to get benefit as earlier anticipated for the cost of funds.

### Asset quality and credit cost

- Credit cost is expected to stabilise however likely to be up/down 5-10 bps. After Q4 credit cost guidance is expected to normalise.

### Opex and IT transformation

- Opex/AUM plunged due to operating leverage.
- Company added 10 branches in the quarter

### Return Ratios

- RoATE and RoAAUM stood at 14.56% and 4.67%. Further, the company expects 15% RoATE in the near term and then improving gradually.

### Results Table

	Rs cr				
Particulars	Q3FY26	Q3FY25	y-o-y	Q2FY26	q-o-q
Interest Income	397.3	307.3	29.3%	379.5	4.7%
Interest Expenses	135.9	106.1	28.1%	129.0	5.4%
<b>NII</b>	<b>261.4</b>	<b>201.2</b>	<b>29.9%</b>	<b>250.6</b>	<b>4.3%</b>
Other Income	28.5	25.9	9.9%	31.5	-9.4%
<b>Total Income</b>	<b>289.9</b>	<b>227.1</b>	<b>27.6%</b>	<b>282.0</b>	<b>2.8%</b>
Opex	99.3	90.6	9.7%	105.2	-5.6%
<b>PPOP</b>	<b>190.5</b>	<b>136.6</b>	<b>39.5%</b>	<b>176.8</b>	<b>7.8%</b>
P&C	32.7	19.1	70.9%	31.0	5.6%
<b>PBT</b>	<b>157.9</b>	<b>117.5</b>	<b>34.4%</b>	<b>145.9</b>	<b>8.2%</b>
Tax	39.8	29.4	35.5%	36.7	8.4%
<b>PAT</b>	<b>118.0</b>	<b>88.1</b>	<b>34.0%</b>	<b>109.1</b>	<b>8.2%</b>
<b>AUM</b>	<b>10,478</b>	<b>8,148</b>	<b>28.6%</b>	<b>9,938</b>	<b>5.4%</b>
<b>Disbursements</b>	<b>699</b>	<b>699</b>	<b>0.0%</b>	<b>815</b>	<b>-14.2%</b>

Source: Company; Mirae Asset Sharekhan Research

### Key Metrics

Particulars	Q3FY26	Q3FY25	y-o-y (bps)	Q2FY26	q-o-q (bps)
NII as % of AUM	9.98%	9.88%	10	10.09%	-11
Fee income % of AUM	1.09%	1.27%	-19	1.27%	-18
OpEx as % of AUM	3.79%	4.45%	-65	4.23%	-44
Prov as % of AUM	1.25%	0.94%	31	1.25%	0
Tax Rate	1.52%	1.44%	8	1.48%	4

Source: Company; Mirae Asset Sharekhan Research

**Additional Data**

**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	SBFC Holdings	52.82
2	SBI Funds	8.17
3	Amansa Investment	3.73
4	Aditya Birla Sunlife AMC	3.05
5	Dhru Aseem	2.43
6	Malabar India	1.83
7	Invesco AMC	1.78
8	ICICI Prudential Lilfe	1.55
9	Vanguard Group	1.51
10	TATA AIA Life	1.44

Source: Bloomberg

**Key management personnel**

Name	Designation
Aseem Dhru (Steps down from April 1, 2026)	MD & CEO
Narayan Barasia	CFO & ED
Neeraj Swaroop	Chairman

Source: Company Website

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