

# MAS Financial Services Ltd (MASFIN)

**Trifecta of Scalable Growth Franchise, Disciplined Risk Management and Rising Profitability**



February 12, 2026

## MAS Financial Services Limited (MASFIN)

February 12, 2026 | CMP: INR 331 | Target Price: INR 415

Expected Share Price Return: 25.5% | Dividend Yield: 0.6% | Expected Total Return: 26.1%

Sector View: Positive

BUY



MAS Financial is a diversified, retail-focused, and technology-enabled non-deposit taking NBFC. The company primarily caters to the MSME segment, along with vehicle and personal loans. It also operates in the affordable housing finance space through its subsidiary and is engaged in the insurance distribution business. MAS Financial has a strong presence across India with a network of 208 branches.

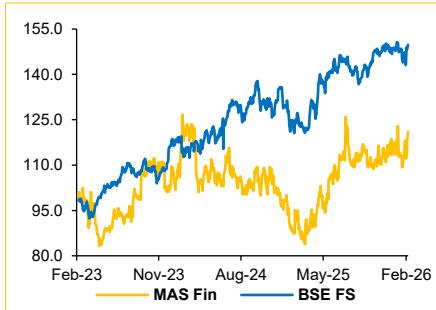
## Company Information

BB Code	MASFIN: IN		
ISIN	INE348L01012		
Face Value (INR)	10.0		
52-Week High (INR)	350.0		
52-Week Low (INR)	221.5		
Mkt Cap (INR Bn)	60.0		
Mkt Cap (USD Bn)	0.7		
Shares O/s (Mn)	181.5		
Free Float (%)	33.3		
	Jun-25	Sep-25	Dec-25
Promoters	66.6	66.6	66.6
FIs	3.0	3.2	3.1
DIs	20.0	20.1	20.2
Public	10.3	10.0	10.0

## Relative Performance (%)

Return %	1Y	2Y	3Y
BSE Fin. Services	21.5%	31.1%	52.1%
MASFIN	35.7%	(0.7%)	19.0%

## Rebased Price Performance (%)



## Management KTA

## Bull and Bear Scenarios

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## Sustained AUM Growth led by Presence across High-growth Portfolios and Branch Expansion

MASFIN, in its operational history of more than three decades, maintains a strong pan-India presence. Its distribution network comprises a **dense network of 208 branches** (mainly located in Western India) and **partnerships with 215 NBFCs**. Led by its niche lending model built around co-lending and NBFC partnerships, the company has scaled up its **standalone AUM at a 22.5% CAGR over FY21–25** to INR 121.0 Bn. The growth was primarily driven by Personal Loans (scaled up from NIL as of FY21 to ~INR 10.4 Bn as of FY25), Commercial Vehicle Loans (+48.2% CAGR), 2-Wheeler Loans (+24.5% CAGR) and SME Loans (+24.5% CAGR). **We forecast MASFIN to further ramp up the AUM at 23.4% CAGR over FY26E–FY28E**, driven by its focussed execution across Wheels Financing (CV and 2W) and SME segments. Higher loan growth will be aided by strong demand tailwind across the end-user sectors, faster loan-to-sanction cycle and expansion in the number of branches (aims to add ~200–250 in the next decade), leading to the formation of a dense distribution network.

## Superior Asset Quality led by In-house Developed Tech and Credit Appraisal System

MASFIN has built a **proprietary, technology-led underwriting platform** which enables fully digital, **rule-based credit origination** at scale, across its branch network and NBFC partner ecosystem. Historically, **portfolio expansion was driven largely by localised credit teams**, yet the company **delivered strong AUM growth** of over 20% in the last decade, while **maintaining net Stage 3 assets at ~1.7% of AUM as of Q3FY26**. With the **BRE (Bank Rules Engine)-enabled Loan Origination System (LOS)** now institutionalised, MASFIN is **positioned to scale up and geographically diversify growth**. The platform enables consistent credit decisioning, centralised risk oversight and rapid product replication across geographies. **We expect the future long-term growth to be broad-based while maintaining a tight control over the asset quality and risk-adjusted returns**.

## Improvement in Profitability led by Change in AUM Mix (%) and Higher Leverage

MASFIN's **profitability** is expected to **improve in the medium term**, driven by **asset mix optimisation, higher direct originations and prudent leverage**. Portfolio yields are projected to increase, from ~12.4% in FY26E to ~12.8% by FY28E, led by higher exposure to high-yield loans and increase in direct retail business. **Direct retail assets is anticipated to increase, from ~66% in FY25 and to ~70–75% by FY28E**, supporting higher NIMs. Improved underwriting policies driven by implementation of new LOS and portfolio seasoning is projected to drive lower credit cost (on average Loans) from ~1.7% in FY26E to ~1.4% in FY28E. **We project the Average RoA to remain sustainable at ~3.0% (over FY26E–FY28E)**, while RoE would improve, from 13.2% in FY26E to 16.0% by FY28E, driven by **higher leverage** (from ~4.5x in FY25 to ~5.4x by FY28E).

## Valuation and View

We initiate coverage with a **"BUY"** rating on the stock. We value the standalone lending business at **2.0x FY28E ABV** (based on peer-group benchmarking for financial and operational metrics), implying a **target price of INR 415.0 per share**, with an **upside potential of 25.5%**. As a sanity check, we **cross-validated our P/ABV derived TP with residual income approach TP of INR 410**.

## Key Risks

Potentially slower-than-expected loan growth, inability to expand branch and NBFC partner network and likely higher delinquencies across MEL, SME and Wheels Financing segments.

## Key Financials

	FY24	FY25	FY26E	FY27E	FY28E
AUM (INR Bn)	101.3	121.0	146.5	179.8	223.0
AUM Yo' Growth (%)	25.1%	19.5%	21.1%	22.8%	24.0%
Interest Income	10,223	12,896	15,492	19,213	24,347
Non-Interest Income	2,070	2,308	3,338	4,173	5,153
Operating Exp.	1,942	2,615	3,688	4,904	6,523
PPoP	4,210	5,366	6,510	7,950	9,925
PAT	2,478	3,059	3,663	4,571	5,844
Yield %	12.4%	12.6%	12.4%	12.6%	12.8%
NIMs (%)	4.9%	5.5%	5.5%	5.7%	6.0%
ROA(%)	3.0%	2.9%	2.9%	3.0%	3.0%
ROE(%)	15.1%	14.1%	13.2%	14.4%	16.0%
NNPA %	1.5%	1.5%	1.5%	1.2%	0.9%
Adj. BVPS (INR)	100.8	134.3	153.7	177.2	207.4
P/ABV (x)	2.8	1.8	2.2	1.9	1.6

Source: MASFIN, Choice Institutional Equities

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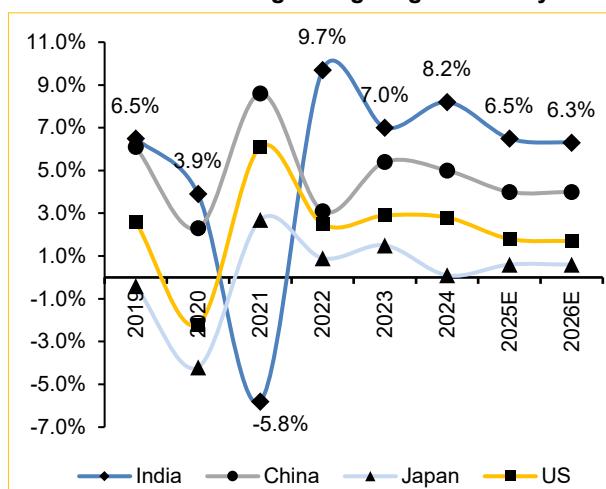
Convex Choices\_ Quarter ly\_Q2FY26

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## 1. Data-driven Insights

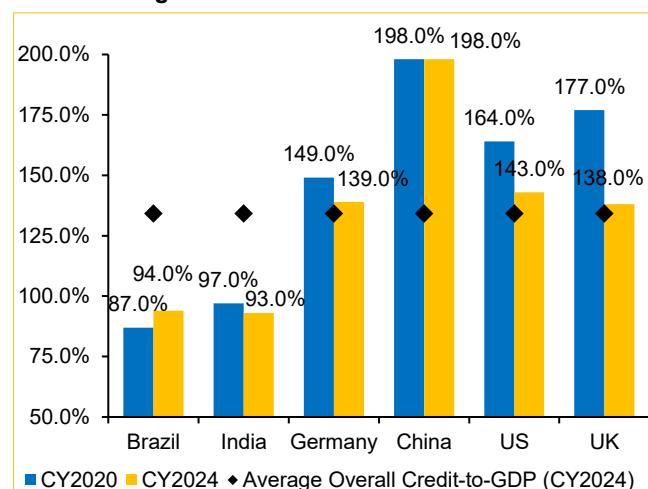
### 1.1 NBFCs to Remain at the Forefront of Systematic Credit Growth

#### India to be the Fastest-growing Large Economy



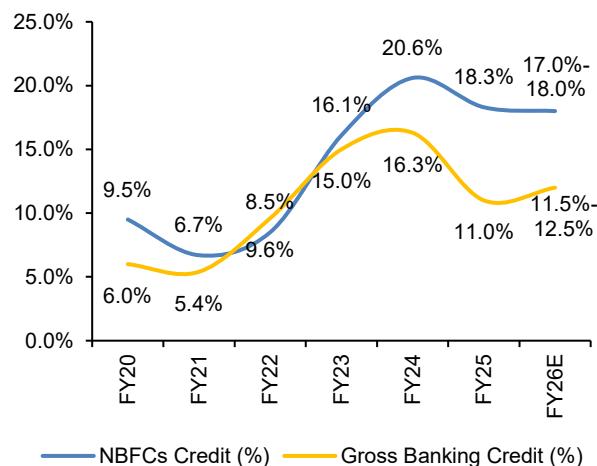
Source: IMF, Choice Institutional Equities

#### India has Huge Potential for Increase in Credit-to-GDP



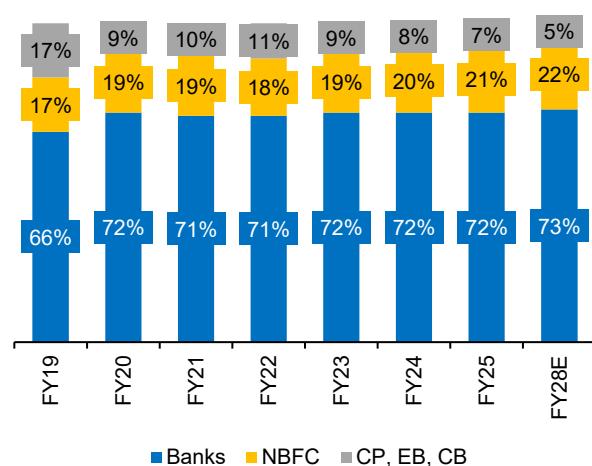
Source: Crisil Intelligence, Choice Institutional Equities

#### NBFCs' Credit Growth to Outperform Banks for 4<sup>th</sup> Consecutive Year



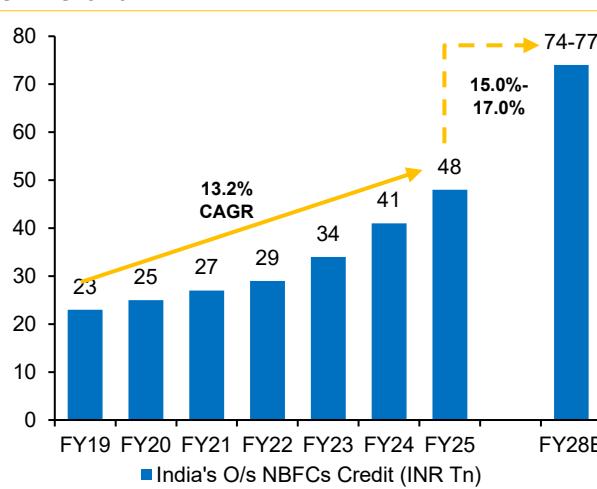
Source: Crisil Intelligence, Choice Institutional Equities

#### Led by Higher Credit Growth, NBFCs' Credit Share to Improve by FY28E



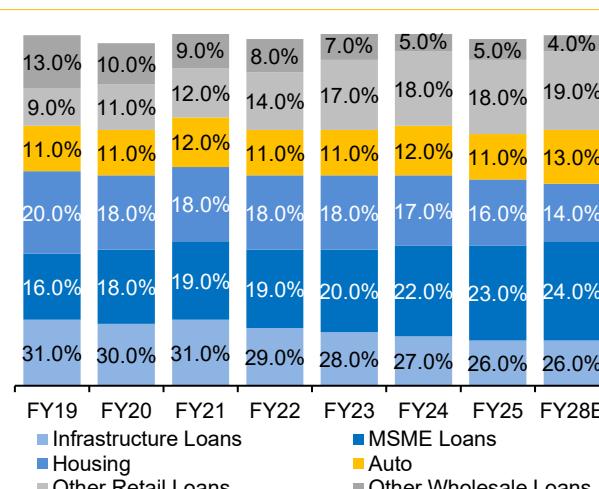
Source: Crisil Intelligence, Choice Institutional Equities

#### NBFCs' Credit Growth is Expected to Remain above GDP Growth



Source: CRISIL Intelligence, Choice Institutional Equities

#### MSME and Auto Segments to Witness Expansion in Credit Mix for NBFCs

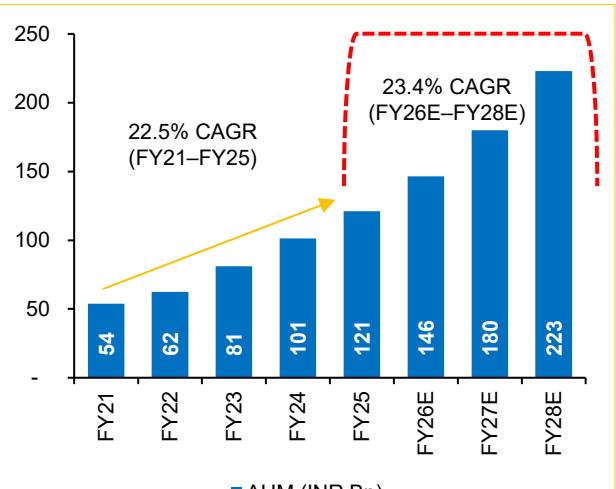


Source: Crisil Intelligence, Choice Institutional Equities

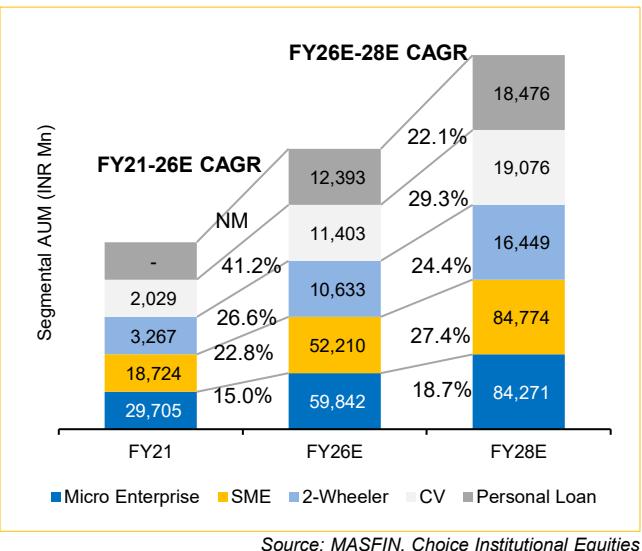
## 1. Data-driven Insights

### 1.2 Investment Thesis in Charts

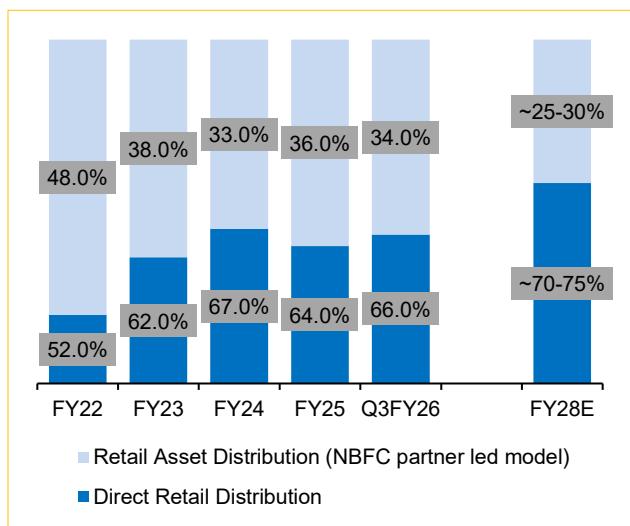
**AUM to grow at ~23% CAGR over FY25–FY28E**



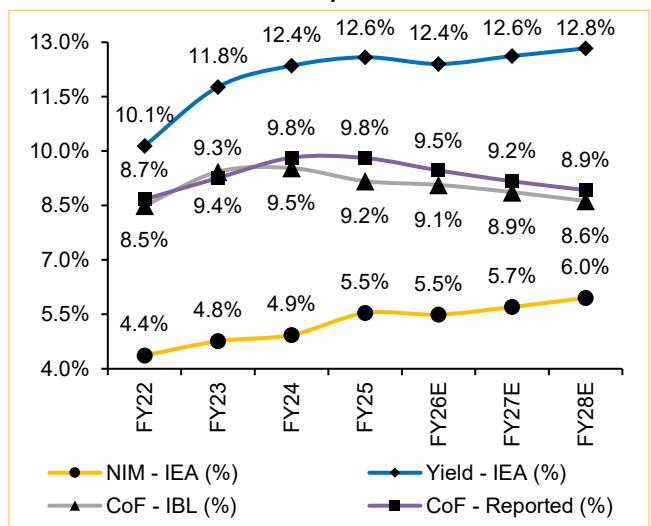
**SME and Wheels Financing to drive AUM growth**



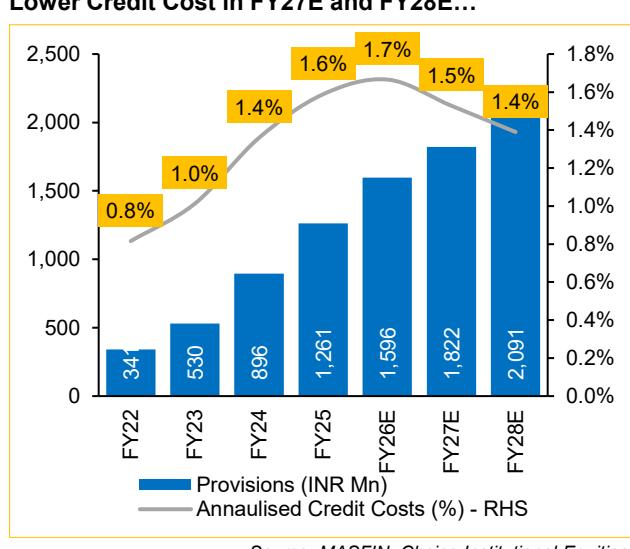
**Increase in Direct Retail Distribution...**



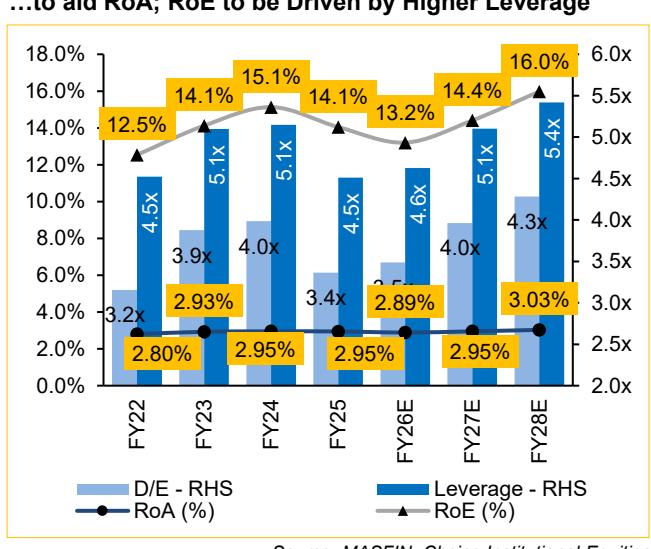
**...and lower CoF to drive Improvement in NIMs**



**Lower Credit Cost in FY27E and FY28E...**



**...to aid RoA; RoE to be Driven by Higher Leverage**



## 2. Investment Thesis

### 2.1 Sustained AUM Growth led by Presence across High-growth Portfolios and Branch Expansion

MASFIN, in its operational history of more than three decades, maintains a strong pan-India presence. Its distribution network comprises a **dense network of 208 branches** (mainly located in Western India) and **partnerships with 215 NBFCs**. Led by its niche lending model built around co-lending and NBFC partnerships, the company has scaled up its **standalone Assets Under Management (AUM)** at a **22.5% CAGR over FY21–25** to INR 121.0 Bn. The growth was primarily driven by Personal Loans (scaled up from NIL as of FY21 to ~INR 10.4 Bn as of FY25), Commercial Vehicle Loans (+48.2% CAGR), 2-Wheeler Loans (+24.5% CAGR) and SME Loans (+24.5% CAGR).

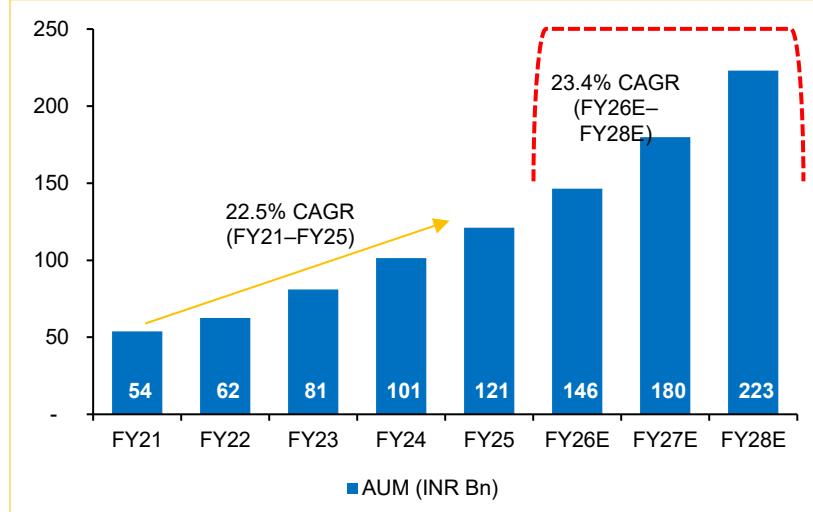
We forecast **MASFIN to further ramp up the AUM 23.4% CAGR over FY26E–FY28E**, driven by its focussed execution across Wheels Financing (CV and 2W) and SME segments. Higher loan growth will be aided by strong demand tailwind across the end-user sectors, faster loan-to-sanction cycle and expansion in the number of branches (aims to add ~200–250 in the next decade), leading to the formation of a dense distribution network.

#### 2.1.1 AUM Growth Driven by Strong Demand across Portfolio

MASFIN has built a suite of customised products, developed to meet borrower needs, primarily offered in underserved geographies. Since its inception in 1995, it has been able to ramp up all products to scale, led by its niche NBFC partnership and co-lending business model. Salaried Personal Loans, launched in 2022, has been scaled up to INR 10.4 Bn (as of FY25), reflecting its execution-led delivery.

#### AUM Growth to Remain at ~23% over FY25–28E

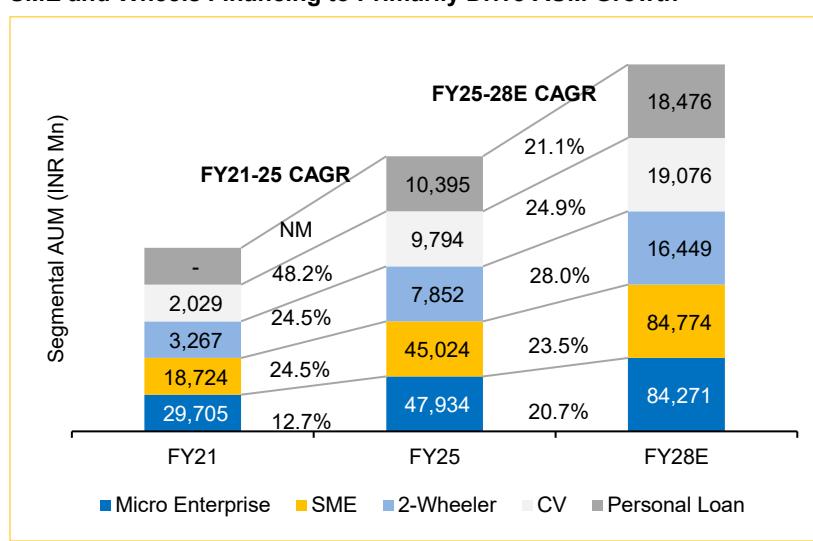
Over FY21–FY25, AUM growth was driven majorly by Personal Loans, CV Financing and SME



Source: MASFIN, Choice Institutional Equities

#### SME and Wheels Financing to Primarily Drive AUM Growth

Although AUM growth is expected to be broad-based, it will be primarily led by Wheels Financing, SME and Personal Loans



Source: MASFIN, Choice Institutional Equities

## 2. Investment Thesis

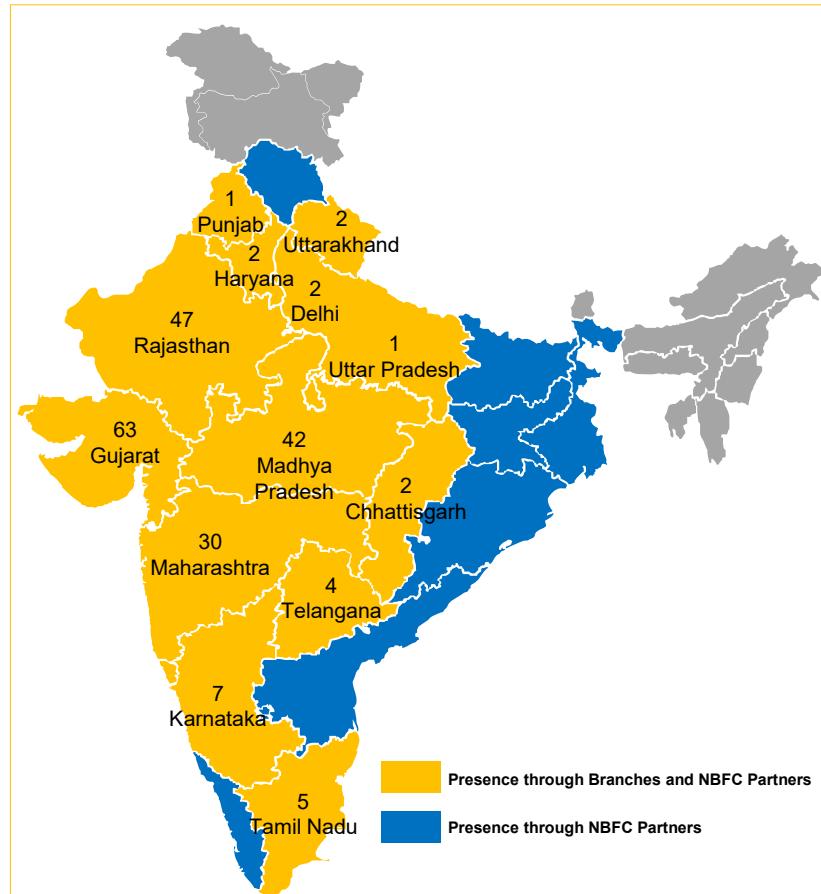
### 2.1 Sustained AUM Growth led by Presence across High-growth Portfolios and Branch Expansion

#### 2.1.2 Pan-India Presence Provides Platform to Scale up AUM

MASFIN, has a pan-India presence, supported by a network of 208 branches and 215 NBFC partnerships

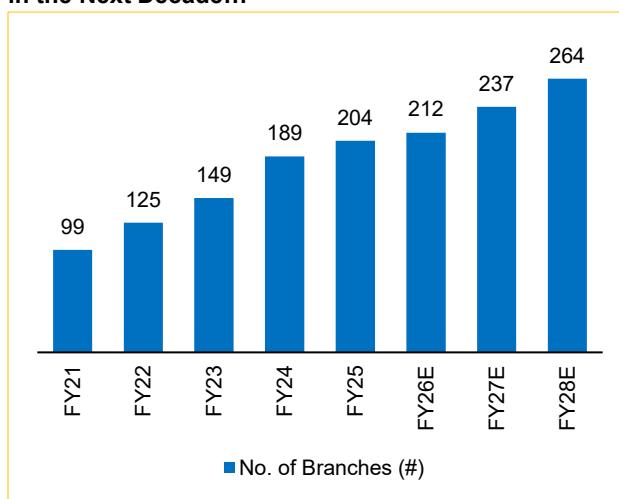
MASFIN has scaled up its branch network from 99 to 208 and NBFC partnerships from 127 to 215 in FY21 and Q3FY26, respectively. The diversified geographic footprint enables consistent origination in multiple states and borrower profiles, reducing concentration risk and volatility in portfolio growth. Moreover, localised underwriting and on-ground collections infrastructure support stable asset quality while launching new products. Further, it plans to add ~200–250 branches in the next decade so as to drive presence in new geographies.

#### MASFIN maintains Diversified Presence; Focussed on West India

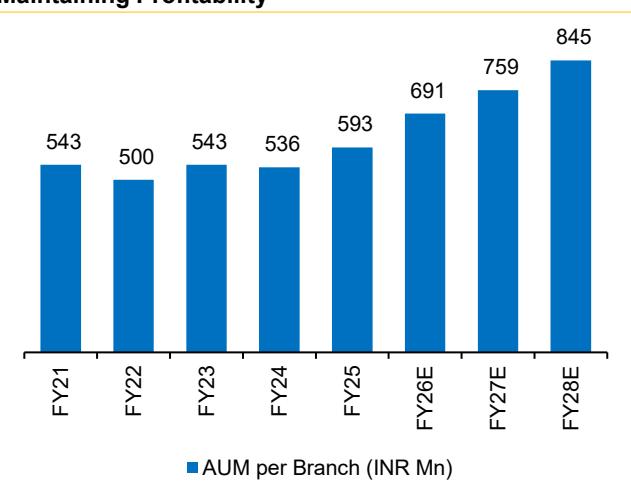


Source: MASFIN, Choice Institutional Equities

MASFIN Aims to add ~20 to 25 Branches Annually, in the Next Decade...



...to Efficiently Scale up AUM/branch while Maintaining Profitability



Source: MASFIN, Choice Institutional Equities

Source: MASFIN, Choice Institutional Equities

## 2. Investment Thesis

### 2.2 Superior Asset Quality led by In-house Developed Tech and Credit Appraisal System

MASFIN has built a **proprietary, technology-led underwriting platform** which enables fully digital, **rule-based credit origination** at scale, across its branch network and NBFC partner ecosystem. Historically, **portfolio expansion was driven largely by localised credit teams**, yet the company **delivered strong AUM growth** of over 20% in the last decade, while **maintaining net Stage 3 assets at ~1.7% of AUM as of Q3FY26**.

With the **BRE (Bank Rules Engine)-enabled Loan Origination System (LOS)** now **institutionalised**, MASFIN is **positioned to scale up and geographically diversify growth**. The platform enables consistent credit decisioning, centralised risk oversight and rapid product replication across geographies. **We expect the future long-term growth to be broad-based while maintaining a tight control over the asset quality and risk-adjusted returns.**

#### 2.2.1 BRE-enabled LOS to Aid Scale and Enforced Underwriting

The BRE-enabled Loan Origination System automates credit policy enforcement through a predefined rules' engine. The system standardises underwriting across business lines, reduces manual intervention and materially shortens approval TAT. Its modular design allows rapid onboarding of new products and partners, lending flexibility with a structural advantage in replicating successful lending programs across geographies and asset classes.

**MASFIN has Integrated its BRE-enabled LOS to Drive the Next Phase of Growth with Digital Underwriting**

##### 1 BRE-enabled Origination

- Centralised onboarding and OTP-based authentication
- Seamless application management with document upload and verification
- Preliminary assessment to shortlist viable cases



##### Decisioning 2

- Pre-set rules engine to determine creditworthiness
- EKYC, Bureau checks via integrated APIs
- Income analysis via ITR, GST and bank statements
- Fraud check via integrated APIs

##### 3 Operations

- Remote and paperless documentation (e-sign/ e-stamp APIs)
- Customer engagement via WhatsApp, SMS and e-mails



##### Disbursement & Collection 4

- 100% cashless disbursement
- 100% cashless collection via E-NACH, Bill Desk, Paytm and BharatPe tie-ups

Source: MASFIN, Choice Institutional Equities

**Stronger Credit Assessment Process Supports Lower Delinquencies**

01

Business loans require assessment of business viability, cash flow and profitability

02

Salaried loans disbursed to individuals with approved company employment

03

For asset-backed loans, mortgage/hypothecation with insurance

04

For loan applications, guarantor/co-applicants are basis requirement

#### Credit Assessment Process Overview

Source: MASFIN, Choice Institutional Equities

## 2. Investment Thesis

### 2.2 Superior Asset Quality led by In-house Developed Tech and Credit Appraisal System

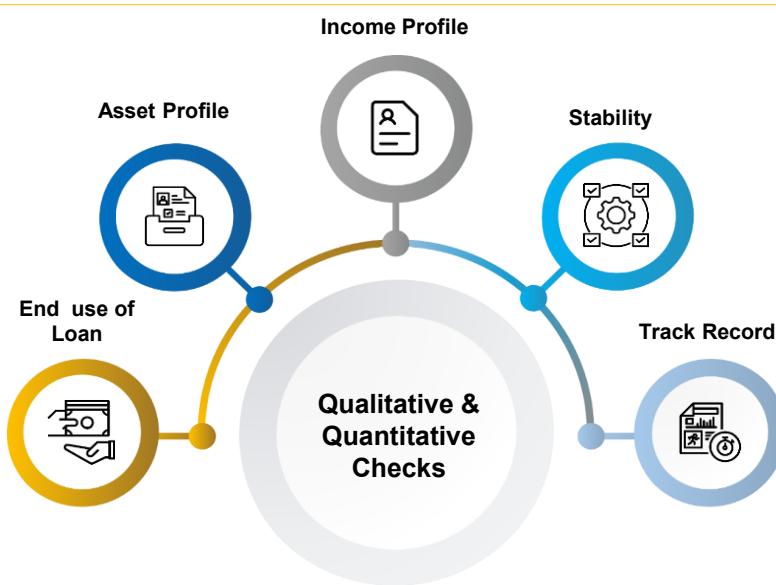
#### 2.2.2 Systematic and Comprehensive Credit Assessment Framework Supports Industry-leading Asset Quality

*Comprehensive credit assessment against pre-determined metrics supports in maintaining lower credit cost across lending cycle*

MASFIN's platform embeds structured qualitative and quantitative credit checks across the lending lifecycle. The qualitative inputs include track record of the borrower, stability of his/her repayment capacity, income and asset profile and the end use of the loan so as to limit delinquencies.

Moreover, it integrates bureau verification, eKYC, ITR/GST-based income validation, bank statement analysis and real-time fraud detection through API workflows. These checks support early risk identification and precise underwriting.

#### Comprehensive Credit Assessment – End-to-End Process Powered by Automated and Intelligent Systems

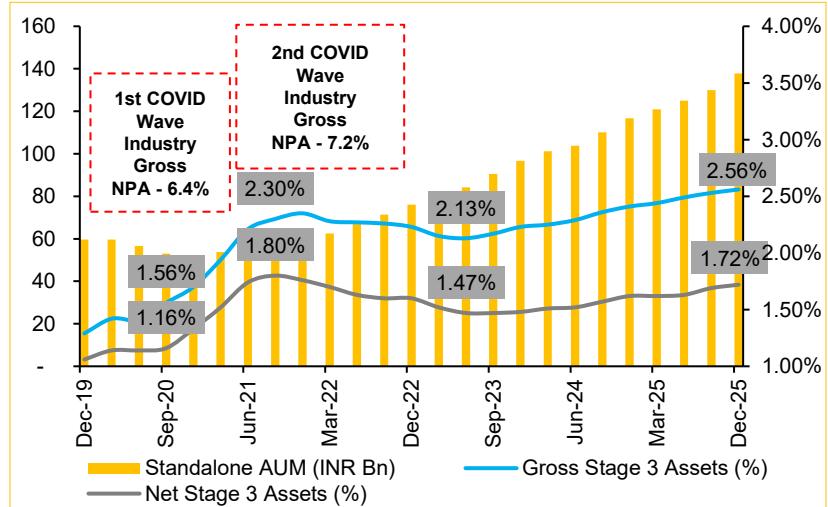


Source: MASFIN, Choice Institutional Equities

MASFIN's process-led framework supports stable portfolio quality while allowing it to scale up lending volumes with strong credit risk control. The company has been able to restrict gross stage 3 assets below 3.0% of the AUM in its operational history lending credibility to its robust credit assessment process and capabilities.

#### MASFIN has Maintained Asset Quality across Lending Cycles

*The company has a track record of ~INR 290+ Bn cumulative disbursements through NBFC partners with <0.5% of total loss in the last decade*



Source: MASFIN, Choice Institutional Equities

## 2. Investment Thesis

### 2.3 Improvement in Profitability Ratios led by Change in AUM Mix (%) and Higher Leverage

MASFIN's **profitability** is expected to **improve in the medium term**, driven by **asset mix optimisation, higher direct originations and prudent leverage**. Portfolio yields are projected to increase, from ~12.4% in FY26E to ~12.8% by FY28E, led by higher exposure to high-yield loans and increase in direct retail business. **Direct retail assets is anticipated to increase, from ~66% in FY25 and to ~70-75% by FY28E**, supporting higher NIMs.

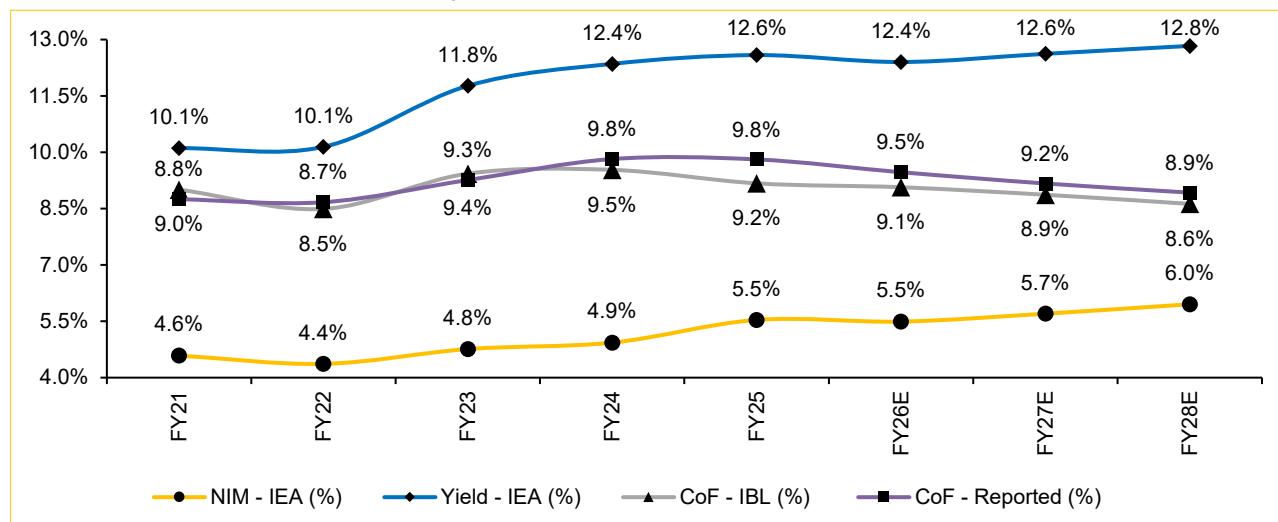
Improved underwriting policies driven by implementation of new LOS and portfolio seasoning is projected to drive lower credit cost (on average Loans) from ~1.7% in FY26E to ~1.4% in FY28E. **We project the Average RoA to remain sustainable at ~3.0% (over FY26E-FY28E), while RoE would improve, from 13.2% in FY26E to 16.0% by FY28E**, driven by **higher leverage** (from ~4.5x in FY25 to ~5.4x by FY28E).

*MASFIN is targeting Direct Retail distribution in the range of 70-75% of the Total Lending mix*

#### 2.3.1 Improvement in Mix; Higher Direct Lending to Drive Higher NIMs

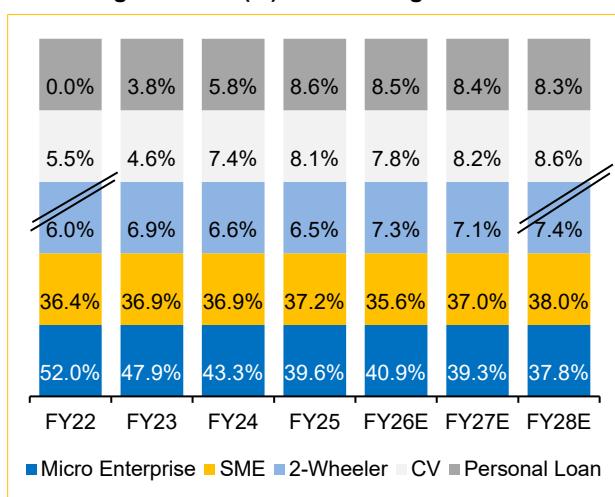
MASFIN strategises to increase direct retail distribution, from ~66% as of Q3FY26 to ~70-75% in the next 2-3 years. It is focussed on improving share of SME and Wheels Financing book, from 50.7% in FY26E to 54.0% in FY28E. This exercise is projected to drive improvement in blended yields and NIMs, from ~12.4% and ~5.5% in FY26E to ~12.8% and ~6.0% in FY28E, respectively.

#### Improvement in Blended NIMs is Led by Decline in Cost of Funds (CoF) and...

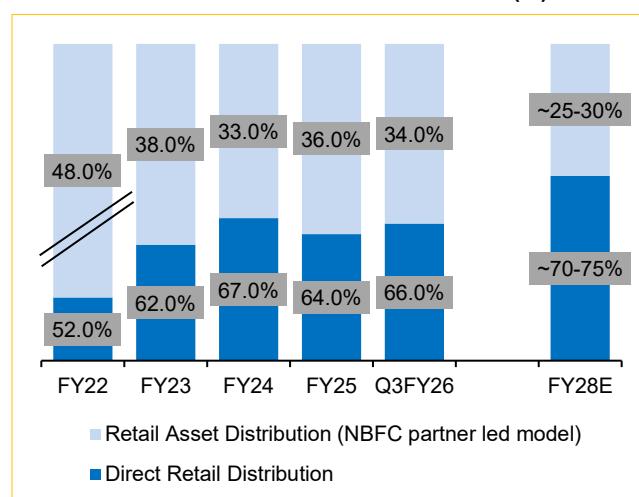


Source: MASFIN, Choice Institutional Equities

#### ...evolving AUM Mix (%) towards High-Yield Products



#### ... Increase in Direct Retail Distribution Mix (%)



Source: MASFIN, Choice Institutional Equities

## 2. Investment Thesis

### 2.3 Improvement in Profitability led by Change in AUM Mix (%) and Higher Leverage

#### 2.3.2 Higher RoA driven by Lower Credit Cost; Improvement in RoE driven by Higher Leverage

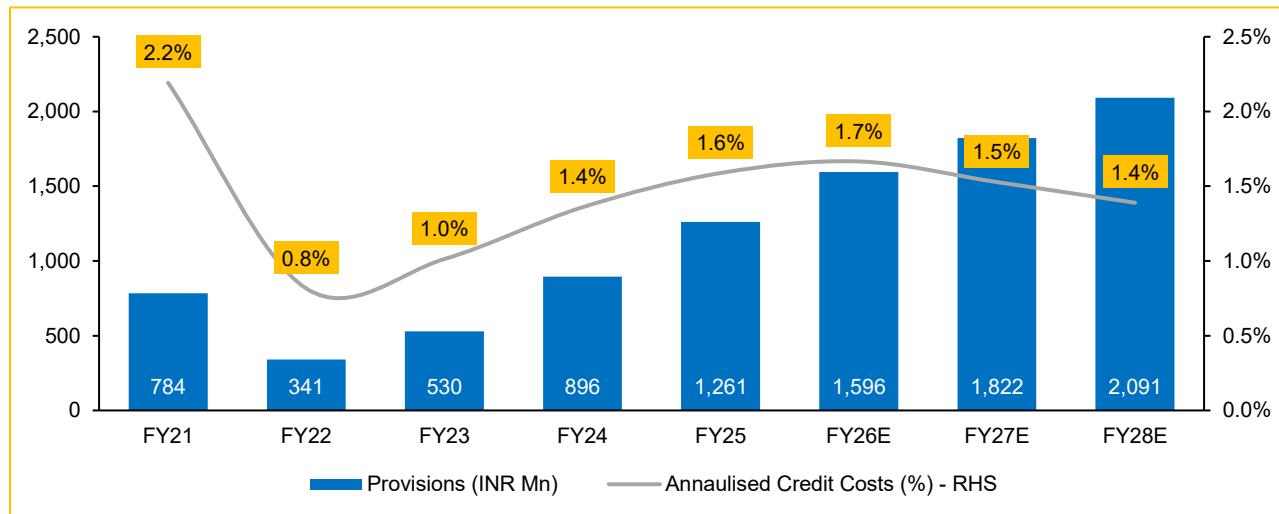
Higher Leverage to drive Improvement in RoE from ~13.2% in FY26E to ~16.0% in FY28E

MASFIN employs a BRE-based LOS backed by framework of stringent underwriting standards. This framework supports it in maintaining one of the lowest credit costs in the industry for AUM with ~40.0% unsecured lending. Moreover, seasoning of the loan book and reduction in stress in the micro-finance sector is anticipated to drive lower credit cost over FY27E – FY28E.

The Company is well-positioned to scale up its AUM after integration of technology across origination and operations. To support the next leg of growth, it has structured the yield and cost for each of the products, with an aim of maintaining product-level RoA at ~3.0%.

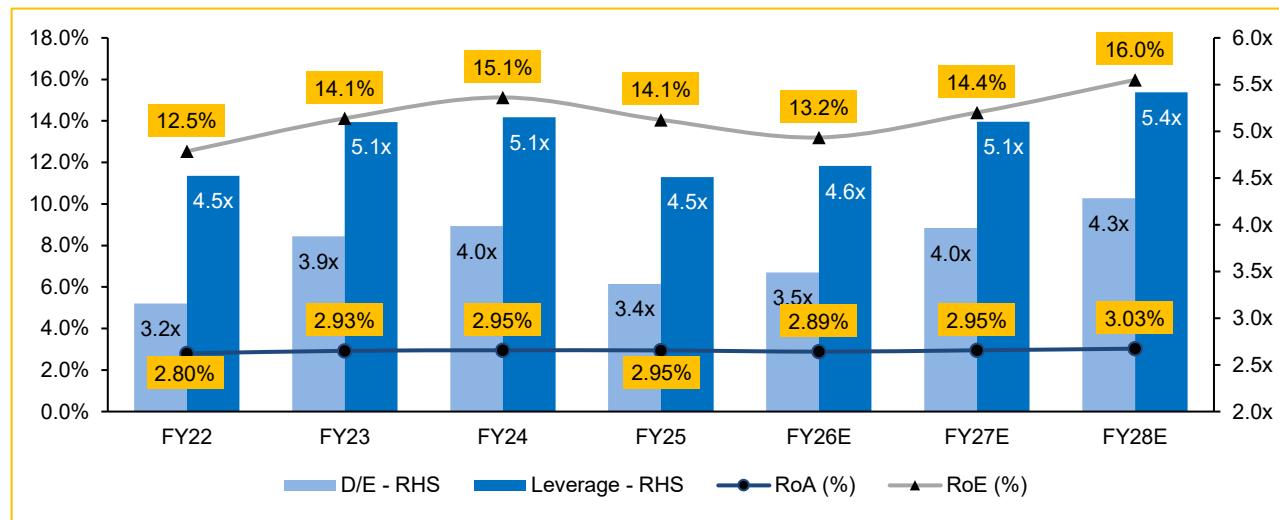
We anticipate MASFIN to maintain average RoA of ~3.0% over FY26E–FY28E and will focus on improving RoE of ~16.0% by FY28E, led by increase in financial leverage, from 4.6x in FY26E to 5.4x in FY28E.

#### Improvement in Underwriting led by LoS Implementation & Seasoned Loan Book to Drive Lower Credit Cost



Source: MASFIN, Choice Institutional Equities

#### Driven by Structured Product Pricing and Higher Leverage, Profitability Ratios are expected to Improve



Source: MASFIN, Choice Institutional Equities

### 3. Valuation & View

#### 3.1 Relative Analysis

##### Peer Analysis

Company	CMP (INR)	Market Cap. (INR Bn)	P/BV (x)		RoA		RoE	
			FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
MAS Financial	330.8	60.0	2.0	1.8	2.9%	3.0%	13.2%	14.4%
<b>MSME Focused Financiers</b>								
SBFC Finance*	97.4	106.7	3.0	2.6	4.2%	4.2%	12.7%	13.9%
Ugro Capital*	136.1	21.0	0.5	0.5	1.9%	2.3%	6.4%	7.9%
Five-Star Business Finance*	433.3	127.1	1.7	1.5	7.4%	7.3%	17.0%	17.1%
<b>Other Financiers</b>								
Capri Global*	177.7	170.9	2.4	2.1	3.4%	5.3%	16.7%	22.1%
IIFL Finance*	525.6	223.5	1.6	1.4	2.0%	2.3%	10.0%	12.6%
Northern Arc*	255.5	41.2	1.1	0.9	2.7%	3.2%	10.8%	13.4%

Source: Company, FactSet, Choice Institutional Research

Note: \* denotes FactSet Consensus

Company	AUM CAGR FY26E–28E	BVPS CAGR FY26E–28E	Branches	AUM/ Branch (INR Mn)	MSME Mix	Secured Book	AUM 30+ DPD
MASFIN	23.4%	16.2%	208	663	76%	51%	5%
<b>MSME Focused Financiers</b>							
SBFC Finance*	24.9%	16.3%	230	456	81%	100%	NA
Ugro Capital*	20.3%	15.4%	325	376	82%	70%	6%
Five-Star Business Finance*	23.6%	17.1%	835	155	100%	100%	13%
<b>Other Financiers</b>							
Capri Global*	32.0%	18.4%	1,331	228	21%	100%	NA
IIFL Finance*	19.1%	15.7%	4,728	208	10%	85%	4%
Northern Arc*	22.8%	15.6%	368	411	39%	89%	NA

Source: Company, FactSet, Choice Institutional Research

Note: \* denotes FactSet Consensus

Company	NIM	Yield	CoF	Cost-to- Income Ratio	CRAR	Gross NPA	Net NPA
MASFIN	5.4%	12.5%	9.5%	36.6%	22.8%	2.6%	1.6%
<b>MSME Focused Financiers</b>							
SBFC Finance	10.3%	17.8%	8.7%	39.1%	31.7%	2.7%	1.5%
Ugro Capital	NA	17.6%	10.4%	56.6%	25.4%	2.4%	1.5%
Five-Star Business Finance	16.0%	23.0%	9.1%	32.9%	51.6%	3.2%	1.9%
<b>Other Financiers</b>							
Capri Global	8.9%	16.9%	9.5%	54.2%	30.3%	1.2%	0.7%
IIFL Finance	NA	16.2%	9.3%	46.4%	27.7%	1.6%	0.8%
Northern Arc	9.9%	17.1%	8.5%	34.3%	23.1%	1.4%	0.7%

Source: Company, Choice Institutional Research

Company	RoA						
	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
MASFIN	3.0%	3.0%	2.9%	2.9%	2.8%	2.9%	2.9%
<b>MSME Focused Financiers</b>							
SBFC Finance	4.6%	4.6%	4.5%	4.5%	4.5%	4.6%	4.7%
Ugro Capital	2.4%	2.6%	2.5%	2.5%	2.0%	2.5%	2.2%
Five-Star Business Finance	8.2%	8.4%	8.1%	8.0%	7.2%	7.5%	7.0%
<b>Other Financiers</b>							
Capri Global	1.9%	2.3%	2.8%	3.6%	3.2%	4.0%	4.0%
IIFL Finance	2.3%	-0.7%	0.6%	1.6%	1.6%	1.9%	2.1%
Northern Arc	3.1%	3.1%	2.4%	1.2%	2.4%	2.6%	2.7%

Source: Company, Choice Institutional Research

### 3. Valuation & View

#### 3.2 Relative Valuation

*AUM to witness growth of 23.4% CAGR over FY26E–FY28E, in line with its long-term trend*

*PPOP to expand at 23.5% CAGR over FY26E–FY28E*

*We recommend 'BUY' on MASFIN with an upside of 25.5%*

*MASFIN has a proven track record of maintaining stable RoA in range of 2.8–3.0%, both, in short and long term, despite having a lower share of secured book among MSME and diversified lenders*

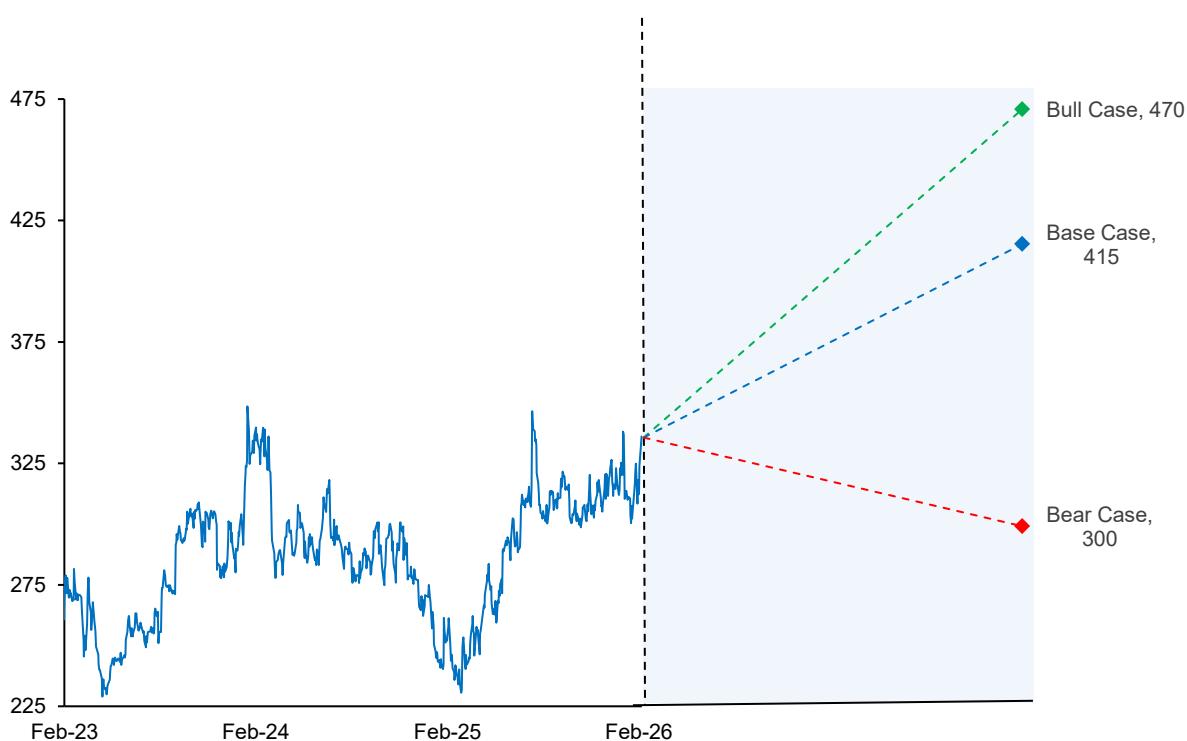
- MASFIN has built a well-diversified AUM across geographies. The company's AUM has witnessed a growth of 22.3% CAGR over FY23– FY25
- We forecast the AUM and NII to grow at 22.6% CAGR and 25.8% CAGR, respectively, over FY25–FY28E
- Growth in profitability is likely to remain healthy at 27.0% CAGR, led by an improvement in NIM margin and contained credit cost, resulting in average RoA of ~3.0% over FY26E–FY28E
- **We initiate coverage on MASFIN with a 'BUY' recommendation.** We value the standalone lending business at 2.0x FY28E ABV (based on peer-group benchmarking for financial and operational metrics), implying target price of INR 415.0 per share, with an upside potential of 25.5%
- On performing relative analysis, we found **MASFIN has a proven track record of maintaining average RoA in range of ~2.8–3.0% in both, short term and long term**, despite having lower secured book among MSME focused lenders and diversified lenders. Moreover, the company led by its **prudent risk management practices has 30+ DPD of 5.0%, one of the lowest among MSME lenders**, whereas higher leverage is expected to **drive improvement in RoE** from 13.2% in FY26E to 16.0% in FY28E
- We believe the stock has de-rated in past 12–15 months, primarily led by lower RoE on account of QIP fund raise and weaker AUM growth. Higher loan growth and improved profitability should aid the company in sustaining P/ABV of 2.0x over the medium term
- As a sanity check, we cross-validated our P/ABV derived TP with residual income approach TP of INR 410

1-year Forward P/BV Chart



Source: BSE, Choice Institutional Research

### 3.3 Bull and Bear Case Scenarios



#### BULL Assumptions



- We have considered stronger CAGR of 24.2% in IEA (Interest Earning Assets) over FY25–28E, led by improvement in credit offtake on account of high demand across end-user sectors. Assumed CAGR of 26.6% in IBL (Interest Bearing Liabilities)
- Higher NII CAGR of 27.6% over FY25–28E, coupled with similar operating expenses, to aid PPoP CAGR at 24.9% over FY25–28E
- Further, have assumed a lower average credit cost at 1.38% over FY26E–28E as compared to 1.53% in base case

#### BASE Assumptions



- Growth in IEA (Interest Earning Assets) at 22.2% CAGR over FY25–FY28E. Growth in IBL (Interest Bearing Liabilities) at 24.6% CAGR over FY25–FY28E, to support increase in D/E from ~3.4x in FY25 to ~4.4x by FY28E
- NII CAGR to remain at 25.8%, whereas PPoP to expand at 22.9% CAGR
- Average credit cost at 1.53% over FY26E–FY28E

#### BEAR Assumptions



- We have considered weaker CAGR of 17.2% in IEA (Interest Earning Assets) over FY25–28E, led by dull demand across micro enterprise and wheels financing. Assumed growth CAGR of 20.6% in IBL (Interest Bearing Liabilities)
- Weaker NII CAGR of 20.7% over FY25–28E, coupled with similar operating expenses, to lead to softer PPoP CAGR of 17.2% over FY25–28E
- Further, have assumed a higher average credit cost at 1.78% over FY26E–28E as compared to 1.53% in base case.

### 3. Valuation & View

#### 3.4 Risks to our Investment Thesis

*MEL and SME accounts for ~76% of the AUM Mix; lower credit growth can affect overall disbursement*

*Inability to add branches and NBFC partners to its network can adversely impact the intended scaling up of AUM*

*Higher credit cost can affect the profitability in the medium term*

*Inability to increase financial leverage in medium to long term can affect improvement in RoE*

##### ▪ **Lower Credit Growth across MEL, SME and CV Financing**

MEL and SME Financing, accounting for ~76% of AUM, have a high co-relation with the overall economic activity. CV Financing is cyclical in nature; its performance is linked to the utilisation level of the vehicle fleet. Downturn in economy might affect the demand for credit across these segments, negatively impacting the disbursement patterns

##### ▪ **Inability to Scale Branches and NBFC Partnerships**

Possible failure to secure partnerships with NBFCs and expansion of branch network might affect the intended scaling up of AUM and negatively impact its target to control operational expenses/.

##### ▪ **Higher Credit Cost**

The MEL segment, accounting for ~40% of AUM, is largely unsecured in nature. The Micro-finance industry has witnessed higher stress in last two years. Moreover, the CV Financing faces higher risk of failure due to cyclical nature of the segments. Higher delinquencies across MEL and CV segments might lead to a higher credit cost in the short term. MEL and CV segments recorded gross NPA of ~3.0% and ~4.0%, respectively. Prolonged stress could lead to a short-term uptick in NPAs.

##### ▪ **Lower than Expected Financial Leverage**

Improvement in RoE is anticipated to be primarily driven by increase in financial leverage. MASFIN intends to improve the financial leverage, from ~4.5x in FY25 to ~5.5x in the next 2–3 years, to target RoE in the range of 16.0–18.0%. Inability to drive increase in leverage will affect the intended profitability levels.

## 4. Management Meet

### 4.1 Key Insights from Management Meeting

*Continue scaling up its AUM at 20.0%–25.0% CAGR in the next decade so as to reach ~INR 1.0 Tn*

*Targeting RoA and RoE in the range of 2.75%–3.00% and 16.0%–18.0%, respectively, supported by product structure, segmental yields and credit cost*

*Significant undrawn balances from banks to support higher credit growth in the short term*

*Higher share of direct sourcing business in SME vertical to drive improvement in blended yields*

*MEL loans have the highest approval ratio among all the segments, driven by its superior sourcing profile*

*MASFIN aims to increase its physical presence with a vision of ~500 branches in the next 12–15 years*

#### Outlook:

- MASFIN has built a sufficient scale in its operational history of over 30 years. It has formulated a strategy to significantly scale its standalone AUM to INR 250.0 Bn and INR 1.0 Tn in the medium term (~3–4 years) and long term (in the next decade), respectively, by leveraging technology stack developed in house
- It plans to continue prioritising on its founding principles of extending credit to high creditworthy individuals and businesses in underserved geographies
- The company intends to enhance its direct sourcing business (from ~66% in Q3FY26 to ~75%) in the medium term. This will drive improvement in yields and support structural high credit cost products
- Higher yields will aid in sustaining long-term profitability goals of RoA in the range of 2.75%–3.00%, while higher leverage (from ~4.5x in FY25 to ~5.5x over the medium-to-long term) will support improvement in RoE in the range of 16.0%–18.0%
- Strategic Focus Segments include Micro Enterprise Loans, SME and Vehicle Financing loans to support higher blended yields

#### Borrowing and Lending Rate Profile:

- MASFIN's borrowing-mix is well diversified with ~60% floating rate-based borrowing. It maintains a high undrawn balance of cash credit and sanctioned term loans, which can support higher credit offtake as and when demand cycle improves across products and segments
- The CoF stood at ~9.6% as of Q2FY26. The company plans to drive improvement of 20 bps in FY26E to ~9.4% and of 20 bps in FY27E to ~9.2%.
- Micro Enterprise Loans, Vehicle Financing and Salaried Personal Loans are generally fixed in nature, while the SME loans are floating-based products with annual reset. The company intends to improve blended yields, through higher share of direct sourcing business.

#### Micro and SME Business:

- Although MEL segment has experienced significant slow-down (intentional and structural) in the past few quarters, the company intends to scale up the disbursement, with further improvement in collection efficiency
- SME (2<sup>nd</sup> highest contribution in AUM mix) has been witnessing stronger credit offtake as compared to MEL segment. MASFIN intends to drive significant ramp-up in the segment through improvement in average ticket price of the working capital and business loans (LAP)
- Micro enterprise loans approval ratio (login-to-sanction) stands at ~80.0%, whereas, for SME products, it ranges around 60.0%–70.0%

#### Wheel Financing Segment:

- MASFIN remains focussed on growing the segment materially, such that the AUM contribution mix improves from ~15.0% in Q2FY26 to ~20.0% in the medium term. The growth will be supported by stronger tailwind across the industry since GST rationalisation in Sep '25

#### Salaried Personal Loans:

- Although, the salaried personal loans has remained a key focus area (+71.3% YoY in Q2FY26), the company intends to cap lending at 10.0% of its AUM so as to pre-empt risk. Approval ratio for salaried personal loans stood at ~50.0%, indicating stringent credit appraisal process

#### Branch Network:

- The company plans to add ~25 branches every year and over 250 branches in the next decade to improve its penetration in existing geographies and enhance its pan-India presence

## 4. Management Meet

### 4.2 SME Loan Branch Visit

#### Branch Visit:

We visited a SME Loan branch in Nehru Nagar, Ahmedabad. The branch's outstanding as of March 31, 2025, stood ~INR 1,200 Mn.

#### Branch Design:

Branches are categorised by size and location, namely – Large, Tier-II and Tier-III. Large branch accommodates ~7 employees (1 BM + 3 Loan Officers + 3 Support Staff), while Tier-II branch involves ~5 employees (1 BM + 2 Loan Officers + 2 Support Staff) and Tier-III branch houses ~3 employees (1 BM + 1 Loan Officer + 1 Support Staff).

#### MAS Financial, Nehru Nagar SME Division Loan Branch, Ahmedabad

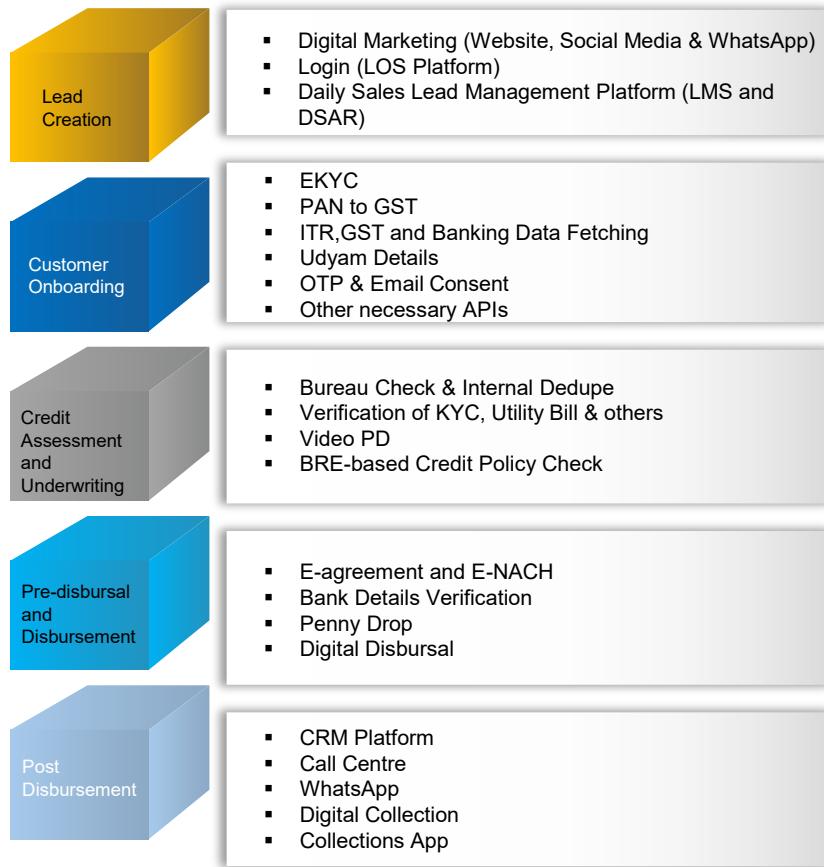


Source: Choice Institutional Research



Source: Choice Institutional Research

#### Digital Loan Process: From Origination to Disbursement



## 5. Industry Overview

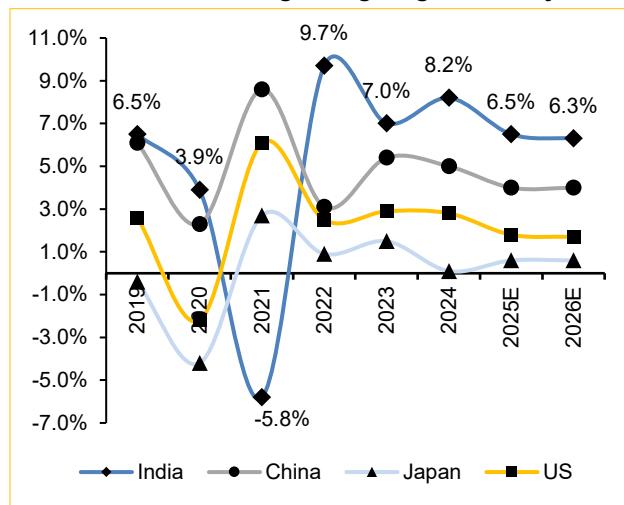
### 5.1 India's Macro and Overall Credit Market

#### India has Strong Tailwinds for Economic and Credit Growth

The Indian economy has remained resilient among large economies. It is anticipated to grow at 6.5% and 6.3% in 2025E and 2026E, respectively, as ~60%+ of its GDP is represented by domestic private consumption. Moreover, India's overall credit-to-GDP at 93.0% in 2024 remains one of the lowest among large economies.

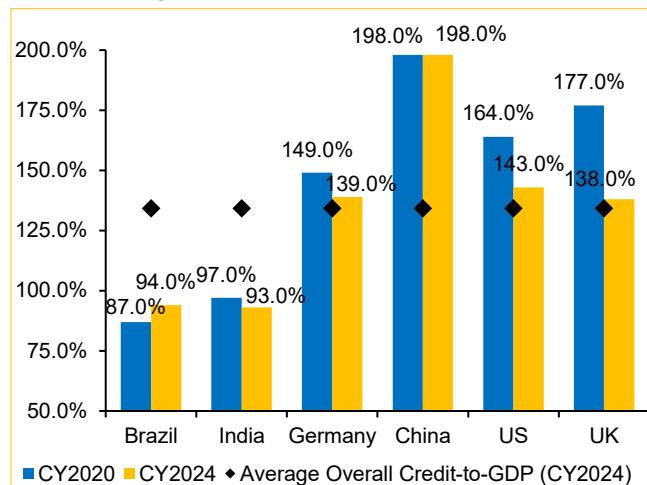
The government's and RBI's sustained intervention, including GST rate rationalisation, income tax rebate and lower interest rate, is expected to drive higher consumption, stronger economic and credit growth over FY26E–27E.

#### India to remain Fastest-growing Large Economy



Source: IMF, Choice Institutional Equities

#### India has Huge Potential for Growth in Credit-to-GDP



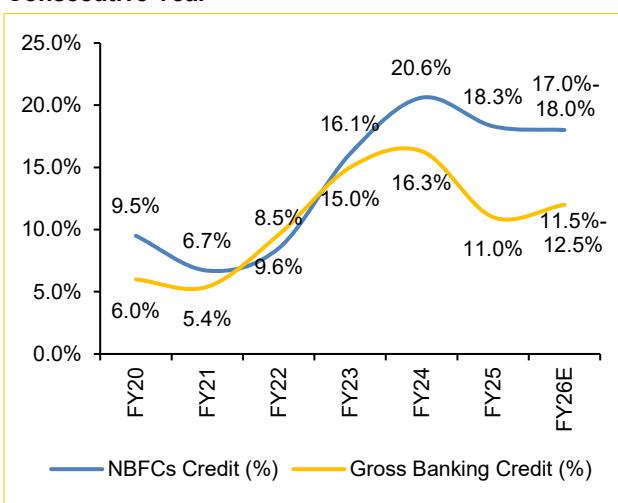
Source: Crisil Intelligence, Choice Institutional Equities

#### NBFCs Credit Growth has Outperformed Banks

Credit growth for NBFCs has outperformed the gross banking credit over FY23–25. The superior performance was primarily led by niche expertise of NBFCs as compared to banks through tailored products and shorter turnaround time (TAT).

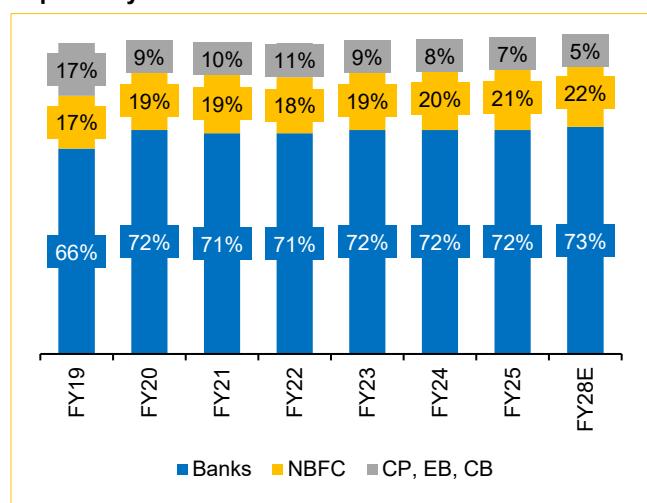
Moreover, NBFCs' credit growth is forecast to grow at 17.0–18.0% in FY26E as compared to 11.5–12.5% credit growth for banks. On account of stronger growth, NBFCs' credit share is projected to improve, from ~21.0% in FY25 to ~22.0% in FY28E.

#### NBFCs' Credit Growth to Outperform Banks for 4<sup>th</sup> Consecutive Year



Source: Crisil Intelligence, Choice Institutional Equities

#### Led by Higher Credit Growth, NBFCs' Credit Share to Improve by FY28E



Source: Crisil Intelligence, Choice Institutional Equities

## 5. Industry Overview

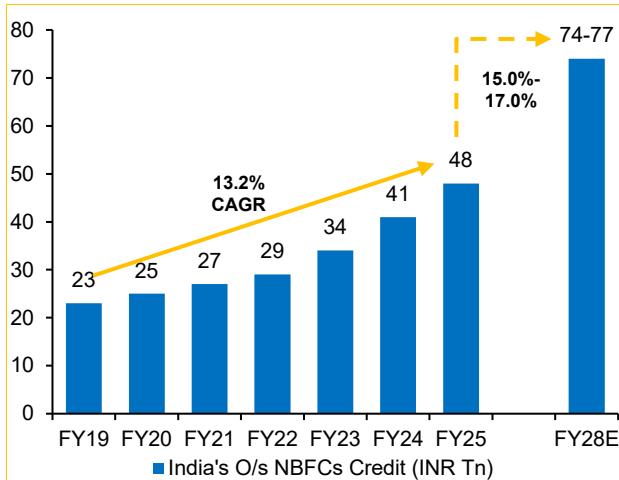
### 5.2 NBFC Credit Landscape

NBFCs to witness stronger credit growth of 15.0–17.0% CAGR over FY25–28E

#### NBFCs Credit Growth to Expand at Higher Rates

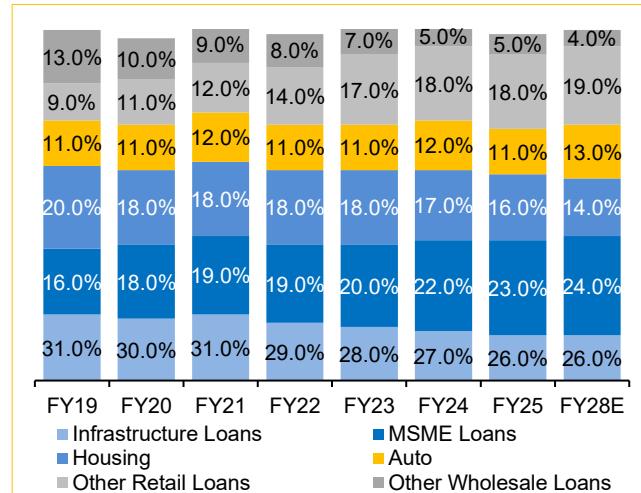
Historically, the credit growth of NBFCs has trended above the nominal GDP growth of India. NBFCs' outstanding credit has witnessed a CAGR of 13.2% over FY19–25. It is anticipated that the credit growth will further gain momentum, with 15.0–17.0% CAGR over FY25–28E to reach INR 74–77 Tn, driven by rapid growth across MSME, Auto and Other Retail Loan segments.

#### NBFC's Credit Growth is Expected to Remain above GDP Growth



Source: CRISIL Intelligence, Choice Institutional Equities

#### MSME and Auto Segments to Witness Expansion In Credit Mix for NBFCs

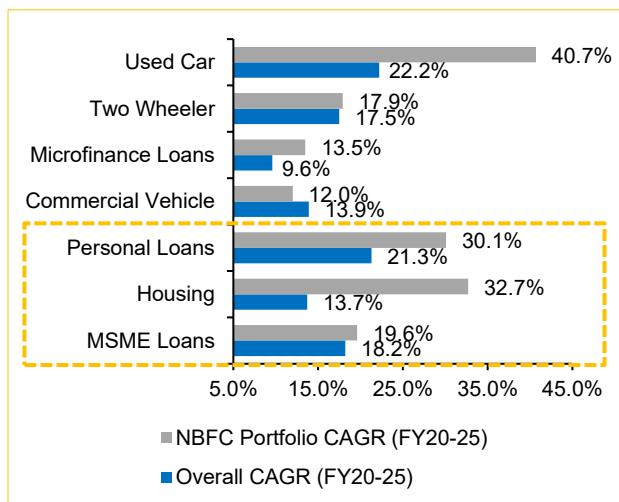


Source: CRISIL Intelligence, Choice Institutional Equities

#### NBFCs Dominate MSME and Retail Loan Segments

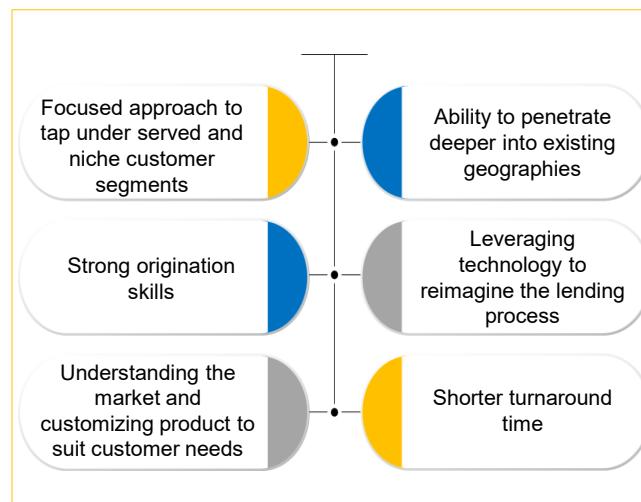
Overtime, NBFCs have built their niche in lending for selective products in segments including Used Vehicle Loans, Personal Loans, Microfinance Loans, Housing and MSME. This expertise has supported them in scaling up their AUM faster than overall segment credit growth. Outperformance for NBFCs has been driven by stronger loan origination skills, leveraging technology to scale up rapidly, ability to penetrate deeper and serve unbanked borrowers.

#### MSME and Selective Retail Loans drove Higher Credit Growth for NBFCs over FY20–25



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

#### Drivers Leading Faster Credit Growth for NBFCs



Source: CRISIL Intelligence, Choice Institutional Equities

## 5. Industry Overview

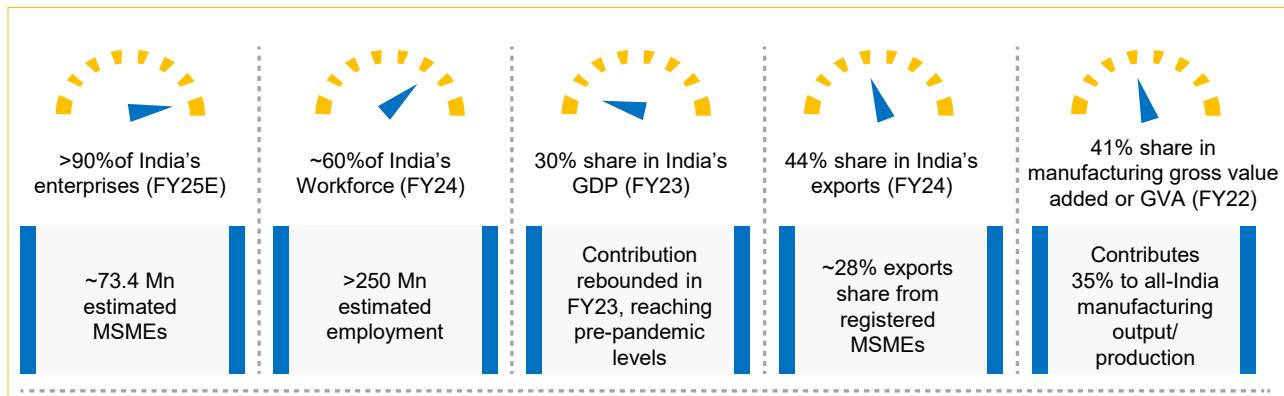
### 5.3 Credit Micro-markets

#### MSMEs – a Core Growth Driver for the Indian Economy

Micro & Small Medium Enterprises (MSMEs) is the structural backbone of the economy with its ~30% and ~44% share in India's GDP and exports, respectively. There are estimated to be 73.4 Mn MSMEs in India, which employ ~60% of India's workforce, thus supporting higher employment. Further, they play a pivotal role in balancing regional development across rural and backward regions, supporting in strengthening local economies.

Moreover, as MSMEs are concentrated in labour-intensive and manufacturing sectors, they contribute ~35–41% to India's overall manufacturing output. To support higher economic growth, MSMEs should be supported with easy access to credit.

#### MSMEs Remain the Key Driver of the Indian Economy



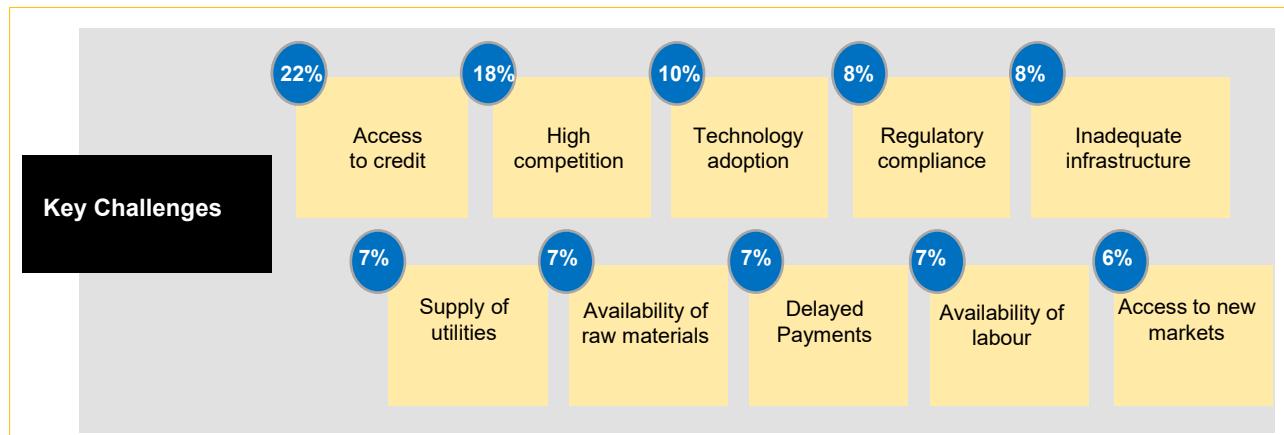
Source: SIDBI MSME Pulse, Choice Institutional Equities

#### Credit Access Remain the Key Challenge for NBFCs

Despite the integral role MSMEs play in shaping the Indian economy, they continue to face several challenges, hindering their overall economic growth trajectory. The top three challenges faced by MSMEs include access to credit (~22%), high competition intensity (~18) and adoption of technology in improving productivity (~10%).

Access to credit remains the top challenge for MSMEs, as majority of them operate in informal end-user sectors, limited credit history, inability to produce collateral security and poor financial records.

#### Top 10 Challenges MSMEs Face



Source: SIDBI MSME Pulse, Choice Institutional Equities

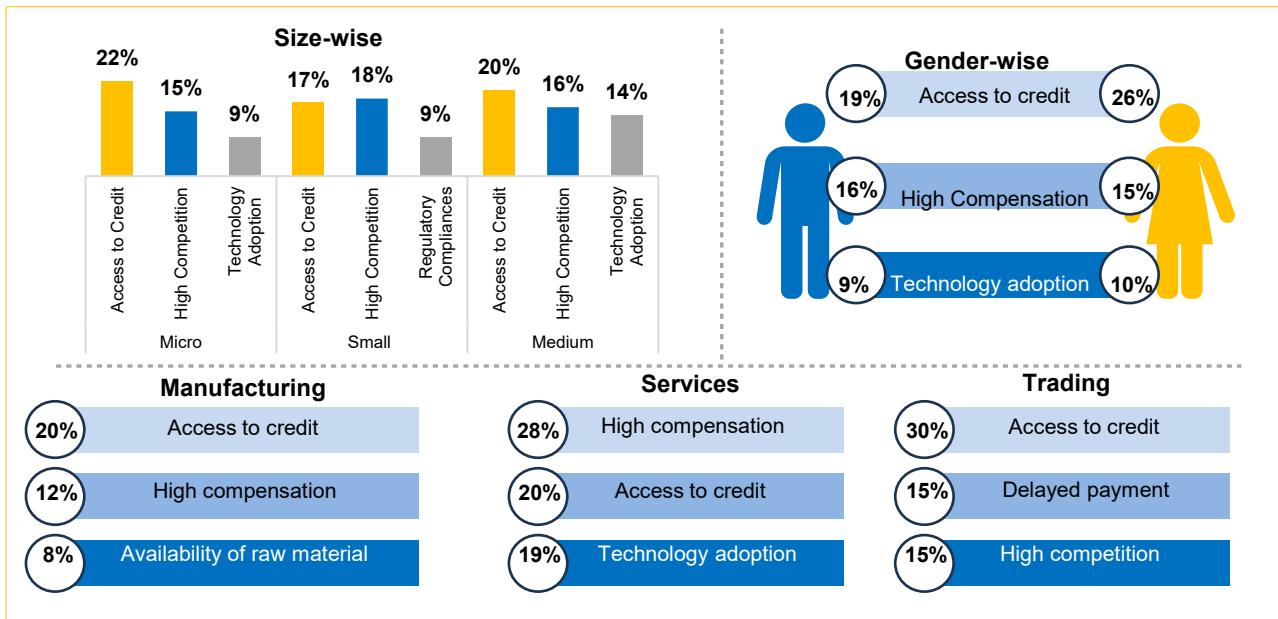
## 5. Industry Overview

### 5.3 Credit Micro-markets

#### Challenge of Access to Credit across MSMEs Varies with Scale and Industry

MSMEs with smaller scale face higher level of difficulty in availing credit as compared to larger units. Similarly, trading and service companies face bigger challenge in access to credit due to their inability in providing collateral security.

#### Access to Credit Remains among 3 Primary Challenges across MSME Segment

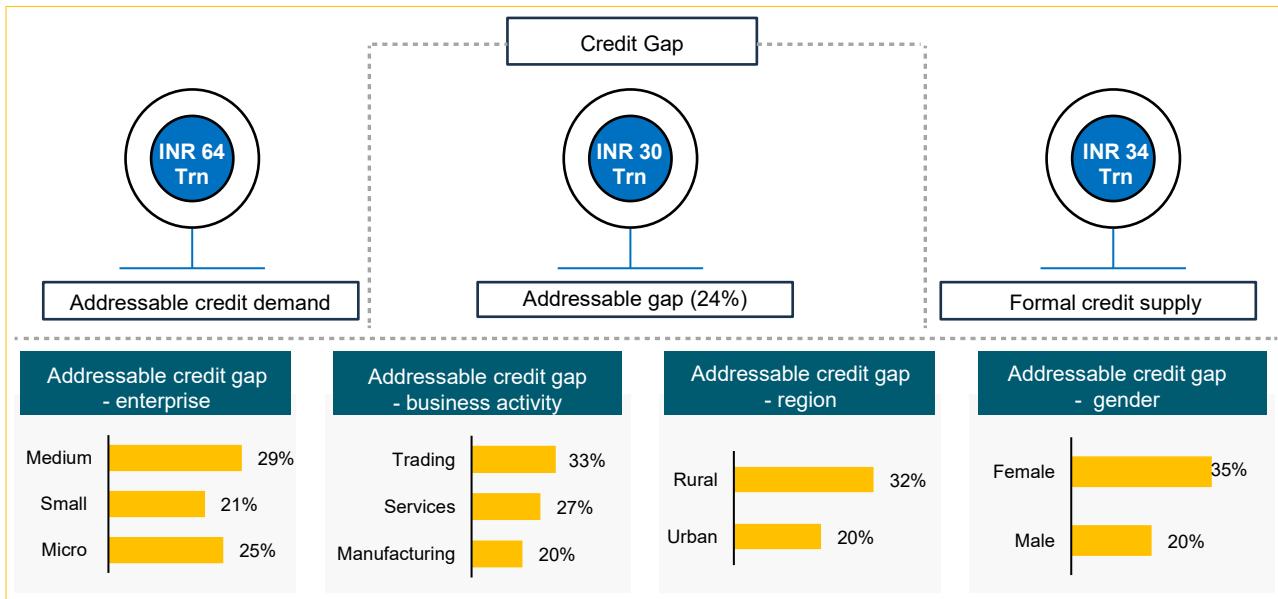


Source: SIDBI MSME Pulse, Choice Institutional Equities

#### MSMEs: Large Addressable Credit Gap

MSMEs in India are estimated to have a total addressable credit demand of ~INR 64 Tn, of which formal debt supply by banks and NBFCs is estimated at ~INR 34 Tn. This provides a huge addressable untapped credit gap of INR 30 Tn. NBFCs with a niche in MSME segment can capitalise on this opportunity through cash-flow-based lending as compared to collateral-based lending, availing government aid, such as CGTSME, MCGS-MSME and export credit schemes.

#### Large Addressable Credit Gap Lends Strong Sectoral Growth Tailwind



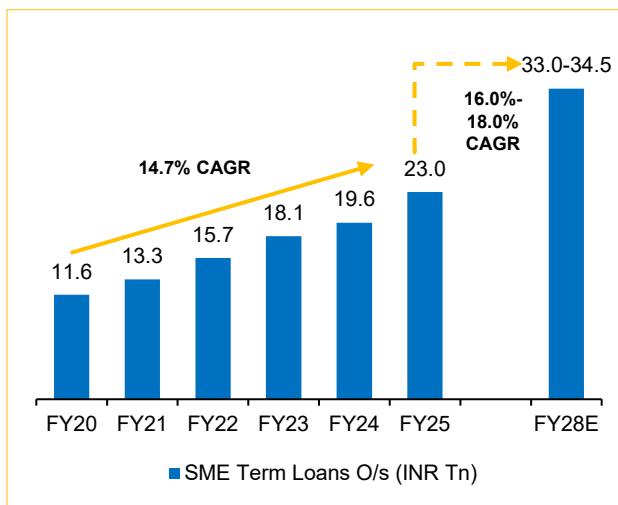
Source: SIDBI MSME Pulse, Choice Institutional Equities

### 5.3 Credit Micro-markets

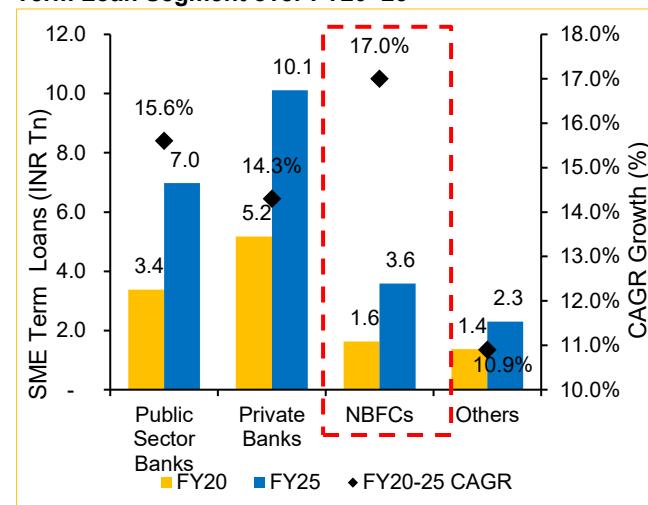
#### Formalisation of Economy and Expansion of MSMEs to Drive Growth in SME Term Loans

India's MSMEs account for ~40% of overall manufacturing output. Further, increase in formalisation of enterprises across geographies would drive a strong demand for term loans. The loans will be utilised to fund capital expansion and working capital need. SME term loans are estimated to expand at 16–18.0% CAGR over FY25–28E.

##### SME Term Loans to Expand at 16–18.0% CAGR over FY25–28E



##### NBFCs have Outperformed Other Lenders in SME Term Loan Segment over FY20–25



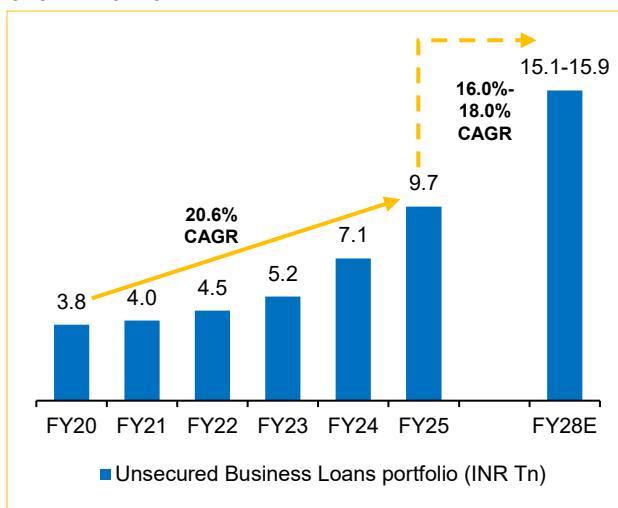
Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

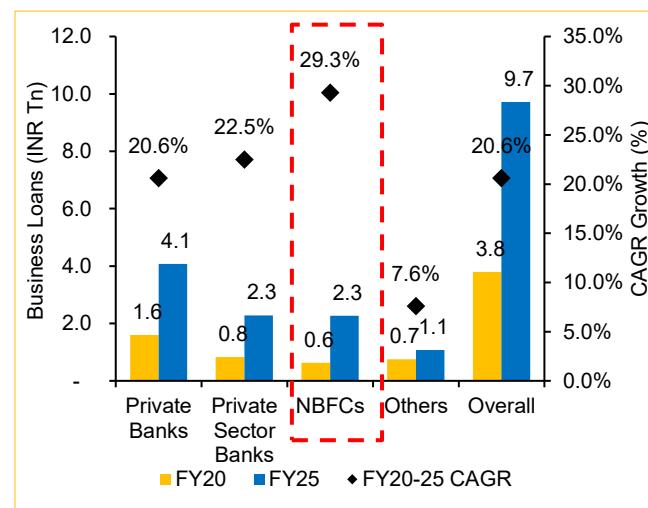
#### Led by Increase in Enterprises and Higher Rural Penetration, Business Loans to Witness Stronger Growth

Business Loans is one of the most sought-after loans, as it is offered without the requirement of any collateral security. The segment has witnessed a strong CAGR of 20.6% over FY20–25E. It is projected to expand at 16.0–18.0% CAGR over FY25–28E, as India witnesses rapid increase in entrepreneurship in rural and semi-urban areas.

##### Business Loans to Expand at 16.0–18.0% CAGR over FY25–28E



##### NBFCs have Witnessed Higher CAGR of 29.3% over FY20–25



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

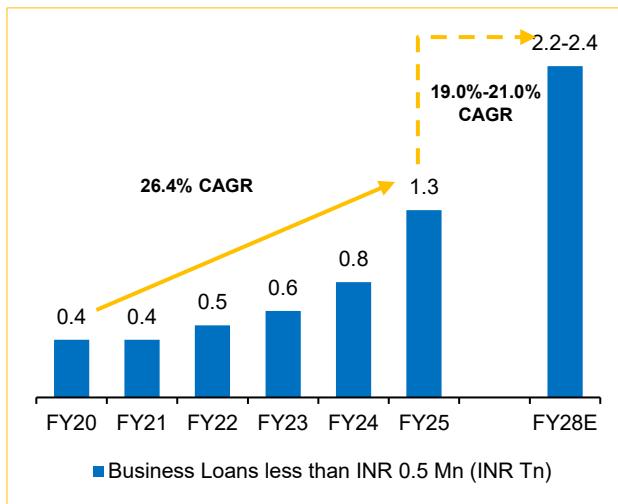
Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

### 5.3 Credit Micro-markets

#### Budding Micro and Small Enterprises in Rural and Semi-Urban Areas to Drive Higher growth

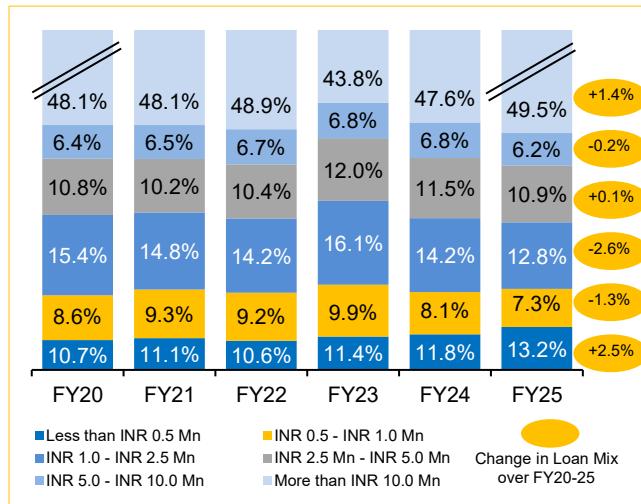
Penetration of technology is anticipated to improve in rural and semi-urban areas. This is expected to drive the demand for business loans of ticket size less than INR 0.5 Mn, leading to stronger credit of 19–21.0% CAGR over FY25–28E so as to reach INR 2.2–2.4 Tn.

##### Lower Ticket Size Business Loans (<INR 0.5Mn) to Grow Faster at 19.0–21.0% CAGR over FY25–28E



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

##### Business Loans with Ticket Size of <INR 0.5Mn to Witness Higher Market Share Gains

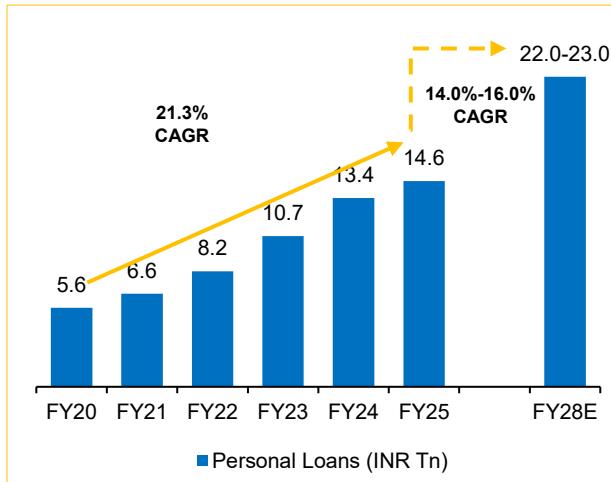


Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

#### Personal Loans to Cash in on High Consumption-driven Economy

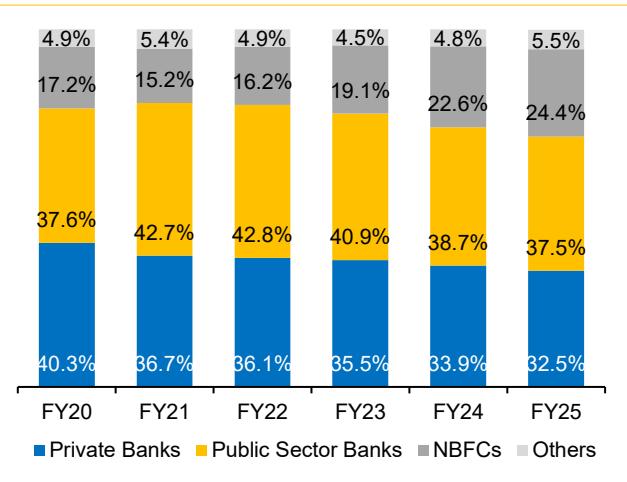
After COVID-19, the spending and consumption patterns of Indians witnessed a significant structural shift. Aspirations for luxury and discretionary products increased across regions, driving a strong demand for personal loans, which expanded at 21.3% CAGR over FY20–25. Further, with increase in digital lending, rise of new-age lenders (Fintechs) and demand beyond Tier-I cities, the Personal Loans segment is estimated to witness CAGR of 14.0–16.0% over FY25–28E so to reach INR 22–23 Tn.

##### Personal Loans to Expand at 14.0–16.0% CAGR over FY25–28E



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

##### NBFCs have Witnessed Expansion in Personal Loans' Credit Share over FY20–25



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

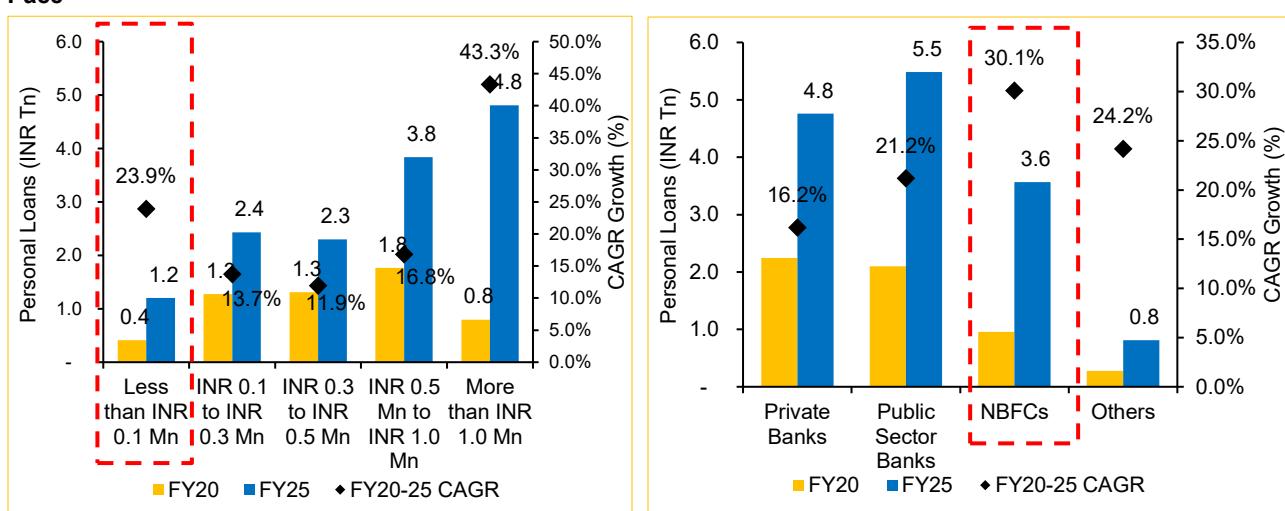
## 5. Industry Overview

### 5.3 Credit Micro-markets

#### Driven by Increase in Fintechs & New-age Lenders, Personal Loans (ATS of <INR 0.1 Mn) Grew at a Higher Pace

Personal loans with ticket size of <INR 0.1 Mn involve basic verification as compared to big-ticket loans. This helped the fintechs and new-age lender, to leverage technology to disburse higher volume of loans. Their pan-India presence and tie-ups with leading NBFCs and banks supported their strong CAGR of 23.9% over FY20–25. Moreover, NBFCs led by their shorter TAT and improved origination skill grew at a pace faster than private banks and public banks.

#### Personal Loans with ATS of <0.5Mn Grew at a Faster Pace



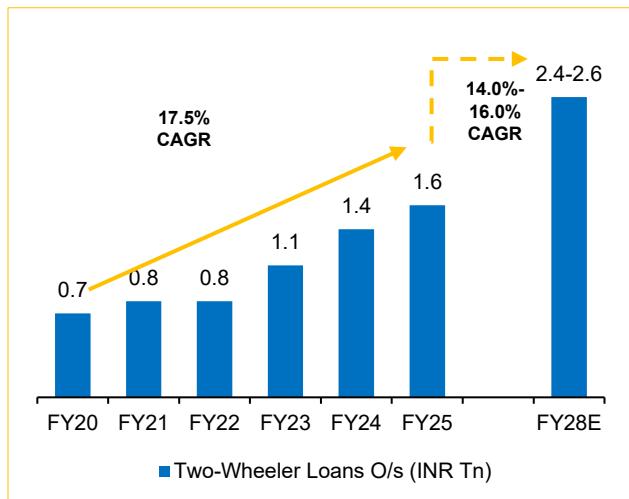
Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

#### Stronger Domestic Sales Volume to Drive Higher Credit Offtake for 2W Loan Segment

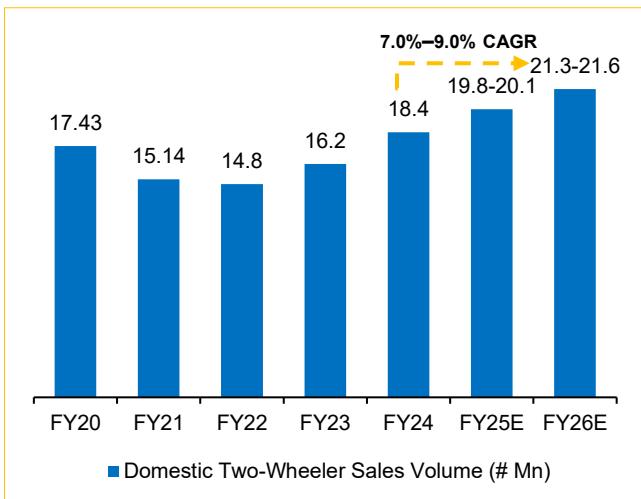
Domestic 2W sales grew at 14% to reach 18.4 Mn in FY24, whereas it is estimated to expand at ~7.0–9.0% CAGR over FY24–26E, driven by higher discounts offered by OEMs, evolution of 2W EVs and improvement in road infrastructure in India. Stronger domestic sales volume of 2Ws is anticipated to drive credit growth at 14.0–16.0% CAGR over FY25–28E to reach INR 2.4–2.6 Tn.

#### 2W Loans to Expand at 14.0–16.0% CAGR over FY25–28E driven by...



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

#### ....stronger Domestic 2W Sales Volume, Expected at 7.0–9.0% CAGR over FY24–26E



Source: CRISIL Intelligence, SIAM, Choice Institutional Equities

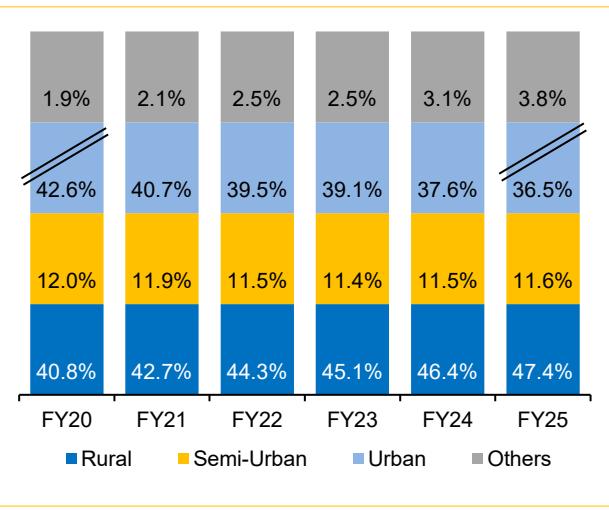
## 5. Industry Overview

### 5.3 Credit Micro-markets

#### Rural India Witnessed Expansion in 2W Loan Mix

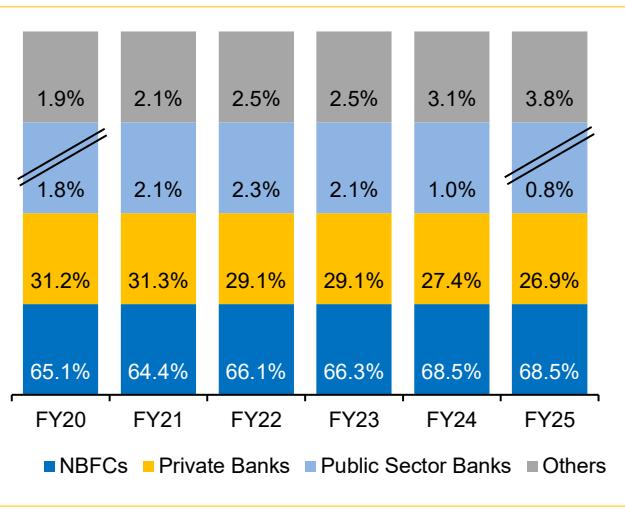
Stronger recovery in rural markets driven by improved crop output and rising income level led to higher credit demand for 2Ws in rural and semi-urban areas. Rural 2W loan mix has witnessed significant increase, from 40.8% in FY20 to 47.4% in FY25. NBFCs have maintained their leadership in 2W financing, led by their ability to offer loans rates lower than unorganised peers.

#### Rural India Witnessed Increase in 2W Loan Mix Driven by Stronger Sales Volume



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

#### NBFCs Maintained their Leading Position in 2W Loan Segment

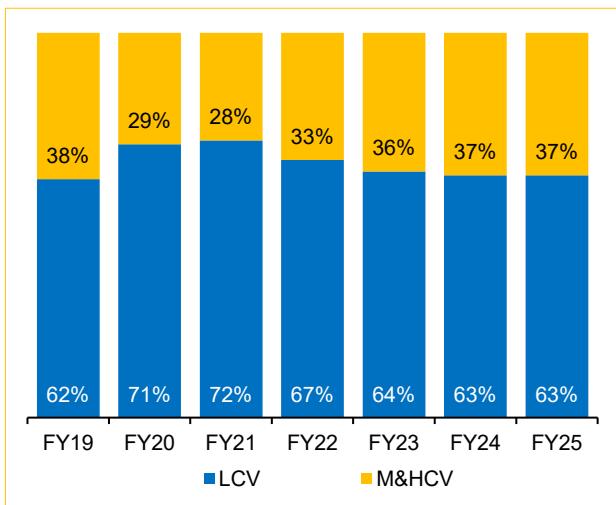


Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

#### M&HCVs Sales Mix Remained Healthy over FY22–25, led by Higher Infrastructure Activities

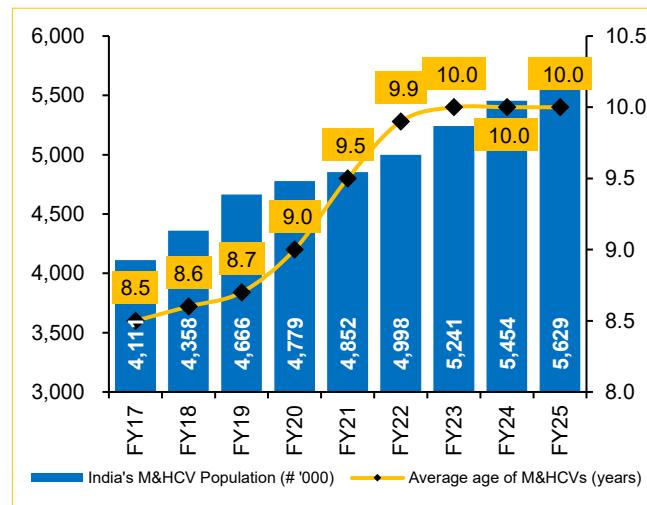
A gradual increase in M&HCVs share was witnessed in India's CV sales mix in the last four years. This was led by robust infrastructure activities on account of higher government capex. Moreover, the M&HCV population has aged, from average ~8.5 years in FY17 to ~10.0 years in FY25, primarily driven by higher tonnage capacity and overall increase in cost of ownership.

#### Despite Rise in Share of M&HCVs in Overall Sales Mix...



Source: CRISIL Intelligence, SIAM, Choice Institutional Equities

#### ...Avg. age of M&HCVs Increased, led by Higher Cost of Ownership and Tonnage



Source: Crisil Intelligence, SIAM, Choice Institutional Equities

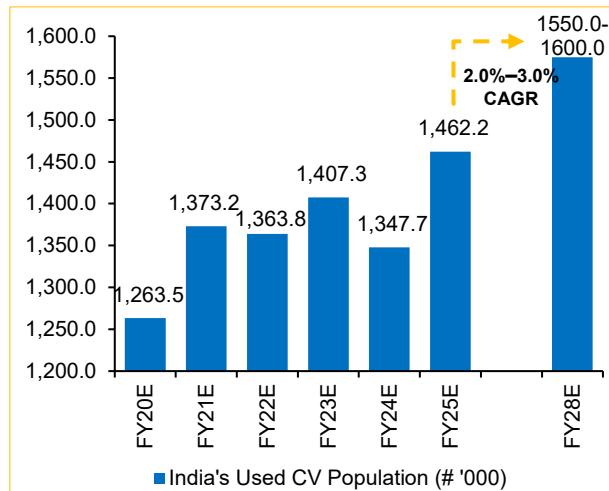
## 5. Industry Overview

### 5.3 Credit Micro-markets

#### Replacement Demand and GST Rationalisation to Drive Sustained CV Volume Offtake

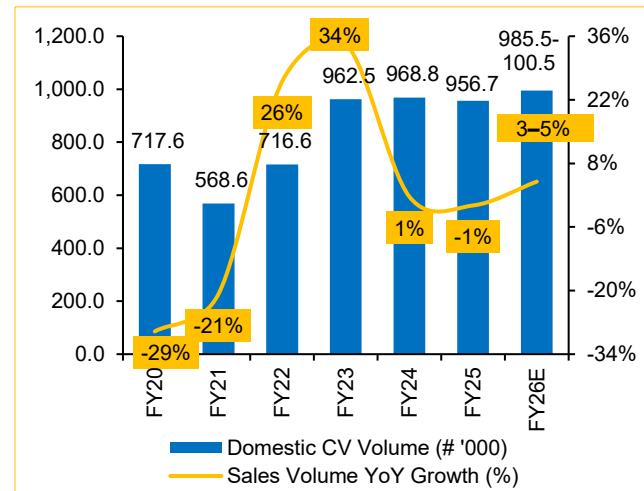
Driven by higher supply in the secondary market and the higher cost of ownership, overall CV volume offtake has remained muted in the last two years. With rationalisation of GST in September 2025, the demand for autos turned sentimentally positive. Domestic CV volumes is forecast to grow at 3.0–5.0% in FY26E. Similarly, the demand for used CV vehicle is expected to witness CAGR of 2.0–3.0% over FY25E–FY28E.

#### Used CV Population to Witness Steady Demand



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

#### CV Volumes is Projected to Expand at 3.0–5.0% in FY26E

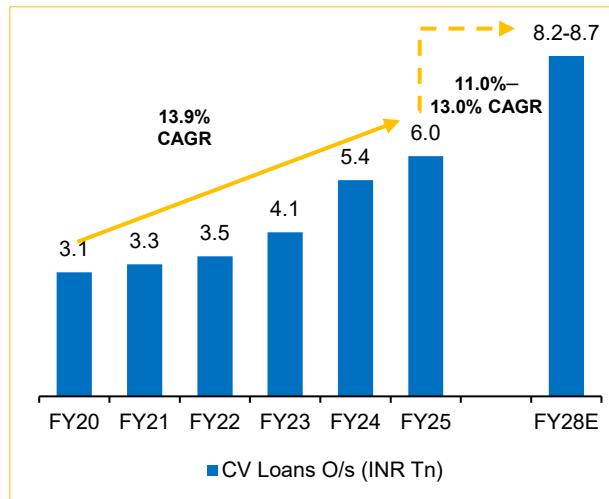


Source: SIAM, ICRA, Choice Institutional Equities

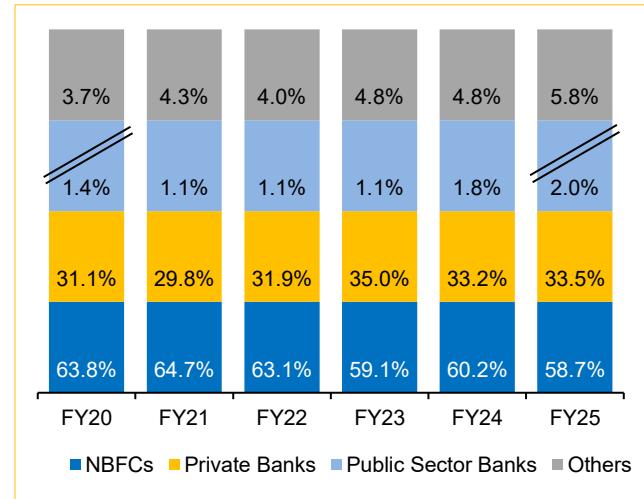
#### Strong Demand for Used and New Commercial Vehicles to Facilitate Sustained Growth in CV Loan Segment

Stronger economic activity and sustained demand for CV vehicles, both, new and used, is expected to drive momentum in CV lending space. Credit to CV segment is anticipated to expand at 11.0%–13.0% CAGR over FY25–28E. Moreover, NBFCs, led by their niche and underwriting expertise in commercial vehicles, have maintained their dominant position in CV Lending space.

#### CV Loans to Grow at 11.0–13.0% CAGR over FY25–28E NBFCs Maintained Lead in CV Lending Segment



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities



Source: CRISIL Intelligence, CRIF Highmark, Choice Institutional Equities

## 6. About the Company

### 6.1 Introduction

Promoters have significant ownership in the business with 66.6% stake

As of Q3FY26, operations are spread across 208 branches and 15,500+ customer locations with a presence in 13 states & UTs

MAS Financial Services (MASFIN) is an Ahmedabad-headquartered leading NBFC incorporated in 1995. It is focused on serving tailored credit solutions to underserved and emerging customer segments, particularly the needs of lower and middle-income households as well as MSMEs.

Over the years, the company has progressively developed a strategic partnership and co-lending framework which enhances its ability to scale up credit distribution efficiently while deepening financial inclusion across markets. This model is anchored in collaborations with banks, other NBFCs, Micro-finance Institutions (MFIs) and other specialised lending partners, allowing MASFIN to widen its reach beyond its direct branch network.

### 6.2 Product Portfolio

MASFIN focuses on underserved customers across MSME, 2W & CV financing, salaried personal loans and affordable & rural housing

Micro Enterprise Loans and SME Term Loans – Major products

- **Micro Enterprise Loans (MEL):** The segment offers credit access across informal and semi-formal economy. Credit is provided to over 190 business categories including retailers, small manufacturers, service-providers and local traders with the aim to support income-generating activity.
- **SME Loans (SME):** The loans are extended for supporting short and long-term needs of small and medium-sized enterprises. These loans are for business expansion and working capital requirements of enterprises engaged in manufacturing, trading and services
- **2-Wheeler Loans (2W):** The product caters to a diverse set of borrowers including farmers, small business owners, professionals and salaried individuals. These loans are offered across semi-urban and rural geographies so as to support mobility and creation of livelihood
- **Commercial Vehicle Loans (CV):** These loans are mainly offered for used commercial vehicle loans to enable individuals and small businesses to expand their logistics, transport and distribution capabilities, and support economic productivity
- **Personal Loans (PL):** These loans are offered to salaried individuals, who are employees of approved companies, for the purpose of meeting their immediate personal and family needs
- **Housing Loans (through subsidiary):** These loans are extended for affordable housing to low and middle-income borrowers, in semi-urban and rural areas for purchasing, constructing and renovating residential units. Moreover, these loans are extended to developers engaged in constructing affordable housing units

#### Product Summary

Product KPI	MEL	SME Loans	2-Wheeler Loan	CV Loan	Personal Loan
Sub- Products	Micro Enterprise Loans	Machinery Loan, Business Loan (LAP) and Supply Chain/Working Capital Loan	New and Used 2-Wheeler	New and Used LCV/SCV	Salaried Personal Loan
Ticket Size	INR 0.05–1.0 Mn	INR 1.0–50.0 Mn	INR 0.025–0.2 Mn	INR 0.1–1.5 Mn	Up to INR 1.0 Mn
Tenure	Up to 60 months	Up to 180 months	Up to 36 months	Up to 60 months	Up to 60 months
ATS	~INR 0.08 Mn	~INR 3.1 Mn	~INR 0.08 Mn	~INR 0.4 Mn	~INR 0.11 Mn
Lead Generation	Self and NBFC Partner Originated	Self and DSA Originated	Dealer and NBFC Partner Originated	Self and NBFC Partner Originated	Self and NBFC Partner Originated
Share of NBFC Partner	35.0–40.0%	30.0–35.0%	25.0–30.0%	25.0–30.0%	15.0–20.0%
TAT	4–5 days	2–7 days	Less than 2–3 days	3–5 days	Less than 2–3 days
O/s AUM	INR 55,927 Mn	INR 49,255 Mn	INR 10,224 Mn	INR 10,558 Mn	INR 11,859 Mn
Typical Yields	19.0–21.0%	12.0–16.0%	19.0–21.0%	20.0–22.0%	17.0–21.0%

Source: MASFIN, Choice Institutional Equities

## 6. About the Company

### 6.2 Product Portfolio

*Q3FY26: Active Loan Accounts crossed over 1.1 Mn*

*Higher PSL eligible book as MSMEs, CVs and 2W account for ~90% of the AUM*

*Has a pan-India presence through 215 NBFC partners*

*Authenticated data sourcing has enabled faster credit assessment and significant reduction in TAT across segments*

*MEL Loans, is the oldest and largest segment for MASFIN, accounting for ~41% of standalone AUM*

*Despite unsecured in nature, MEL segment has lower Gross NPAs of ~3.0%, as it is covered by CGTMSE scheme for 85% of the loan amount up to INR 0.5 Mn*

MASFIN has built a strong presence across urban, semi-urban and rural markets. Pan-India presence supports it in bridging credit gaps in segments traditionally underserved by formal credit, while maintaining disciplined underwriting and diversified risk exposure.

As of Q3FY26, its Assets Under Management (AUM) is diversified across multiple lending products. Its significant focus is on priority sector loans (PSL), such as micro enterprise (MEL), SME financing, 2-Wheeler and Commercial Vehicle financing. This demonstrates the company's strategic commitment to inclusive finance. MASFIN's diversified lending portfolio along with a strong emphasis on priority sector lending allows it to balance risk with higher blended yields and tap into high-growth segments with deep structural demand.

MASFIN's unique and market-first NBFC partnership business model is based on co-lending arrangements with banks and financial institutions. These tie-ups are governed by formal policies defining risk-sharing, capital allocation and borrower outreach. It leverages partner's balance sheet strength and credit appetite to scale lending operations, backed by its proprietary underwriting expertise.

Further, it collaborates with digital lending platforms and Direct Selling Agents (DSAs) specialising in loan sourcing and servicing for micro and small enterprises. This collaboration facilitates rapid customer acquisitions, while strengthening localised servicing and collection capabilities.

The company continues to invest in technology and strengthen its in-house capabilities so as to enhance operational efficiency. With a fully integrated technology platform, it develops and maintains all core systems and applications which are tailored to the evolving needs of borrowers.

Notably, MASFIN has developed an in-house Business Rules Engine (BRE)-based Loan Origination System (LOS). Moreover, it has collaborated with over 50 APIs so as to support origination, decision-making, disbursement and collections.

#### **Micro Enterprise Loans (MEL)**

MASFIN offers Micro Enterprise Loans to small businesses from semi-formal and informal economy which lack adequate access to formal credit. These loans are primarily structured as working capital facilities so as to support business expansion and operational needs. They are extended to enterprises with a minimum operating history of three years, whereas owners with minimum industry experience of five years and monthly income of INR 20,000.

While Micro Enterprise Loans are unsecured in nature, such as personal loans, decisions are driven by detailed credit assessment of the underlying business strength and cash-flow sustainability. Over its 30 years of operating history, the company has continuously strengthened its credit appraisal framework, enabling disciplined portfolio growth and controlled credit cost.

India's micro-enterprise segment continues to face a significant structural shortfall in access to formal credit, constrained by limited documentation, collateral availability, and banking outreach. MASFIN has strategically built its business model around co-lending and direct assignment structures, with a large proportion qualifying under Priority Sector Lending (PSL) norms, enabling scalable growth while supporting financial inclusion.

As of Q3FY26, the MEL segment's AUM grew by 18.9% YoY to INR 55,927 Mn, despite the sector reeling under asset quality stress.

## 6. About the Company

### 6.2 Product Portfolio

#### SME Loans (SME)

MASFIN extends SME loans to small and medium enterprises across manufacturing, trading and service sectors. These facilities are structured as term loans for general business purposes, working capital loans and loans against property (LAP).

Business loans are offered to enterprises with a minimum operating history of three years and ownership of at least one property. The facilities are primarily underwritten against business cash flows, with additional collateral in the form of fixed property, providing enhanced protection during cyclical business slowdowns. These loans are offered up to INR 10.0 Mn with a maximum tenure of 36 months.

Loans against property are provided to meet working capital and business expansion requirements against existing residential or commercial properties. Owing to a strong collateral coverage and prudent loan-to-value margin, LAP products represent a lower-cost financing option for borrowers. These loans are offered up to INR 50.0 Mn with tenures of up to 180 months.

SME loans are originated both, directly and through a nationwide network of Corporate Direct Selling Agents (DSAs). Credit appraisal is conducted through MASFIN's in-house LOS based on predefined underwriting parameters. Customer onboarding is largely digital, while end-to-end credit evaluation incorporates multi-source document verification, including credit bureaus, regulatory databases and third-party data-providers.

SME lending remains a key growth driver for MASFIN, supported by rise in average ticket sizes and geographic expansion. The demand is led by sectoral tailwind on account of growth aspiration among enterprises. SMEs accounts for a substantial share of India's organised and semi-organised economic output. The credit is required to fund capital and operational expenditure, particularly to scale up and modernise businesses.

As of Q3FY26, SME loan AUM grew 15.3% YoY to INR 49,255 Mn. The segment also reports the lowest gross NPA level (~2.0%) within the portfolio, reflecting its secured nature and focus on high credit-worthy borrowers.

#### Salaried Personal Loans (SPL)

MASFIN launched Salaried Personal Loan Segment in FY23, with the focus on enhancing the share of retail customers and cash in on the high unmet needs of the segment. Such loans are offered to employees of approved organisations for supporting their immediate personal and family needs. These loans are offered up to INR 1.0 Mn with tenures of up to 60 months.

SPLs are originated both, directly and through NBFC partners with a pan-India presence. Turnaround time is minimal (typically 2–3 days), as applications are evaluated against stringent in-house business rule engines and credit filters, ensuring lending is restricted to genuine and credit-worthy borrowers.

Since inception, the segment has witnessed exponential growth supported by a strong sectoral tailwind and strong consumption cycle. As of Q3FY26, the SPL AUM grew by 28.6% YoY to INR 11,859 Mn. With its rise in share in overall AUM mix, the company remains focussed on containing the exposure to maximum of 10.0%.

Although the portfolio is unsecured in nature, the gross NPA levels remain broadly in line with the Micro Enterprise and Two-Wheeler loan segments, reflecting prudent underwriting and portfolio monitoring practices.

*MASFIN is focused in improving share of SME Loans in the overall AUM mix, majorly led by increase in avg. ticket size (ATS)*

*SME Loans is the second-largest product segment, accounting for ~36% of the standalone AUM mix*

*Although SPL was launched as late as 2023, it has become the third-largest product segment, accounting for ~9% of the standalone AUM mix*

## 6. About the Company

### 6.2 Product Portfolio

#### Commercial Vehicle Loans (CV)

MASFIN offers CV loans, for both, used and new Small Commercial Vehicles (SCV) and Light Commercial Vehicles (LCV), to enterprises and individuals for improving their business efficiency and productivity. Such loans are generally extended for end use across logistics, passenger transport and goods distribution, which enhances economic output. These loans are offered up to INR 1.5 Mn with tenures of up to 60 months. The TAT for processing such loans ranges between 3 to 5 days (delay is generally led by late receipt of third-party valuer report).

CV Loans are both, self-originated and sourced through NBFC partners. Following lead generation, borrower profiles are assessed against internal credit appraisal benchmarks for the proposed loan amount. For used vehicles, applications are routed to third-party valuers to assess vehicle condition and market value. For a new vehicle, cases are processed through dealers after completion of regulatory documentation, and physical due diligence.

*MASFIN is targeting improvement of its share of Wheels Financing (CV and 2W) in the standalone mix, so as to cash in on the buoyant demand and scale up AUM rapidly*

As of Q3FY26, the CV AUM grew by 8.9% YoY to INR 10,558 Mn. The company continues to prioritise this segment, targeting growth through geographic expansion, deeper penetration in existing markets and additional NBFC partnerships to capitalise on seasonally strong demand.

While the CV portfolio has higher gross NPA level of ~4.0%, the product is structured to deliver stable long-term profitability, with return on assets maintained within the company's target range of 2.75%–3.00%.

#### 2-Wheeler Loan (2W)

MASFIN extends two-wheeler loans to farmers, self-employed professionals and non-professionals and salaried borrowers in urban, semi-urban and rural markets. These loans are offered up to INR 0.2 Mn with tenures of up to 36 months, wherein average TAT ranges between 2–3 days.

Lead generation is primarily driven through MASFIN's extensive network of OEM dealers across geographies, complemented by selective direct sourcing. The segment has witnessed strong momentum, with two-wheeler loan AUM growing 26.4% YoY to INR 10,224 Mn as of Q3FY26. Growth is expected to remain healthy, supported by favourable industry dynamics and improving disposable income level of borrowers.

Credit cost in this segment has remained under control and broadly in line with portfolio averages, reflecting the company's robust credit appraisal framework and disciplined underwriting practices.

#### Housing Loans (Subsidiary)

Housing loans (except LAP to SME customers) are extended through its subsidiary - MAS Rural Housing & Mortgage Finance Limited (MRHMFL). The credit is offered for purchase of new and old affordable housing units, construction of homes and renovation of existing properties to borrowers belonging to lower and mid-income demography. The loans are provided for residential properties across rural and semi-urban geographies. It also offers project financing to developers engaged in construction of affordable housing units.

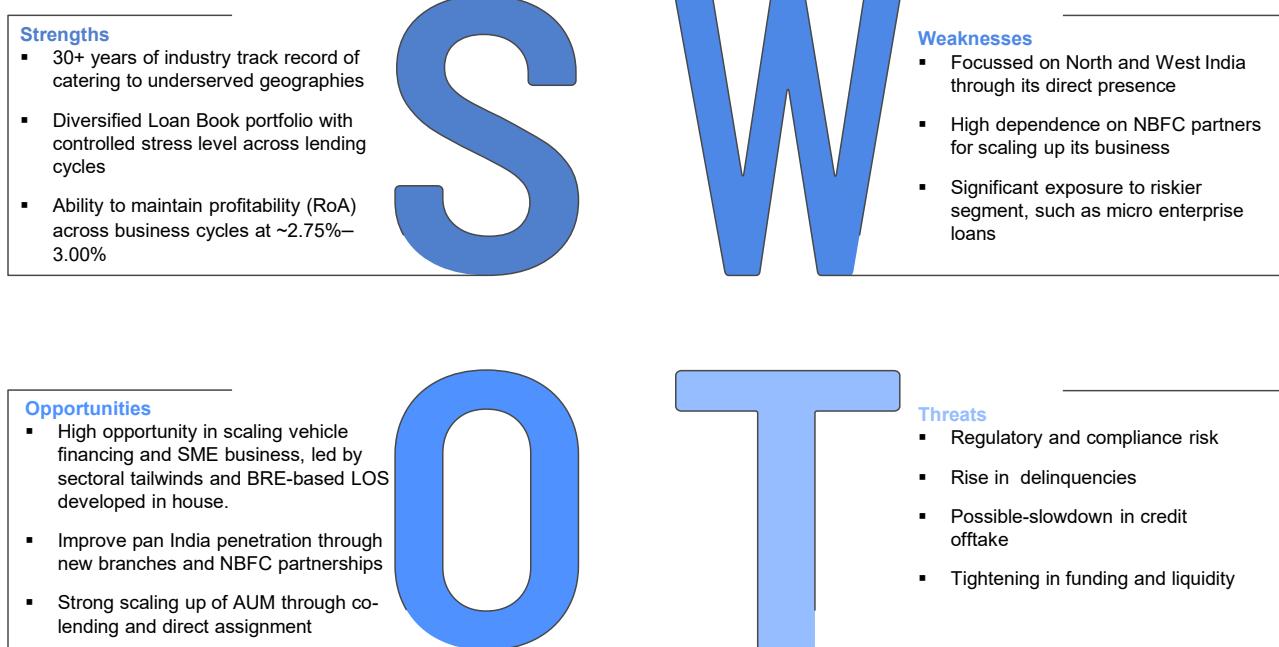
*2W Loan as a product has witnessed significant reduction in TAT, led by technology integration with approvals and disbursements occurring in real time*

*MRHMFL extends housing loans across rural and semi-urban areas of Gujarat, Maharashtra, Rajasthan and Madhya Pradesh*

Housing loans are offered with a maximum tenure of 300 months for residential properties and 144 months for commercial properties. The segment has witnessed strong traction in the past few years as the formal credit penetration remains low in rural and semi-urban areas. As of Q3FY26, the housing loan AUM grew stronger at 22.5% YoY to INR 8,592 Mn.

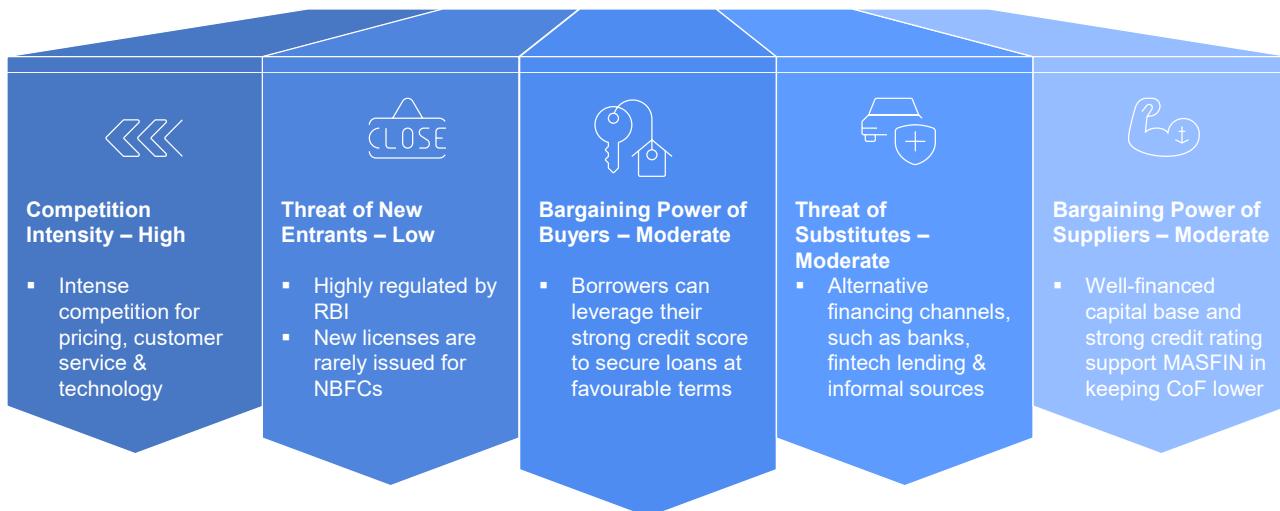
## 6. About the Company

### 6.3 SWOT Analysis



Source: MASFIN, Choice Institutional Equities

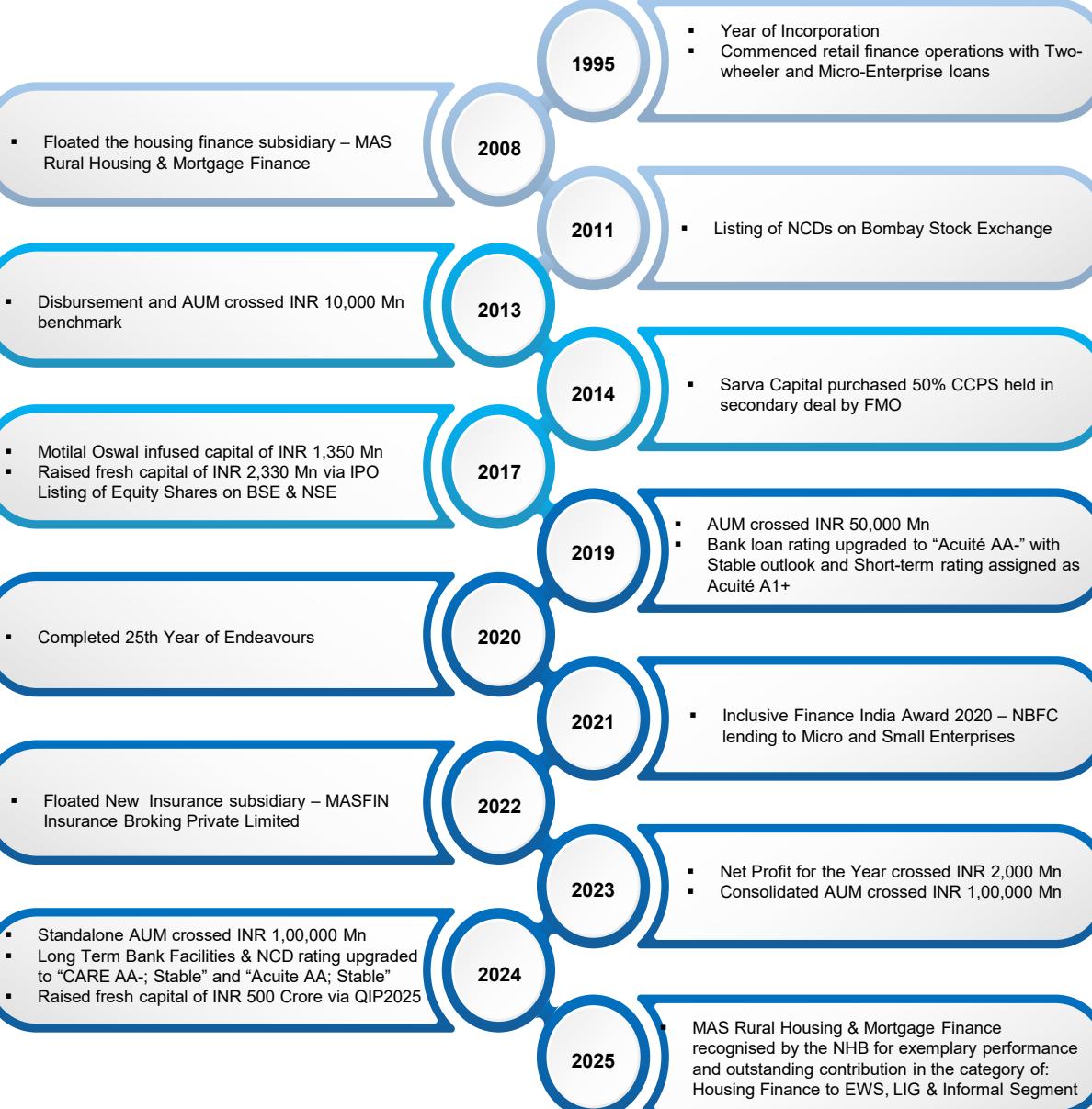
### 7.4 Porter's Five Forces' Analysis



Source: MASFIN, Choice Institutional Equities

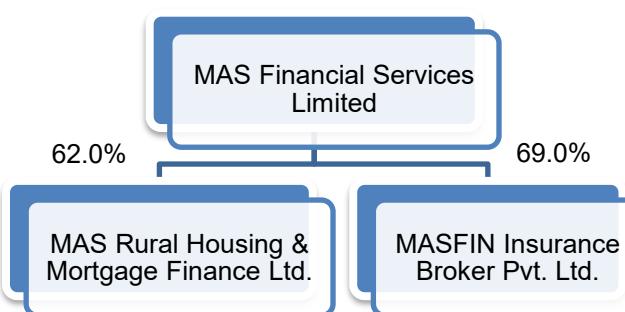
## 6. About the Company

### 6.5 Key Milestones and Corporate Structure



Source: MASFIN, Choice Institutional Equities

### Corporate Structure



Source: MASFIN, Choice Institutional Equities

## 6. About the Company

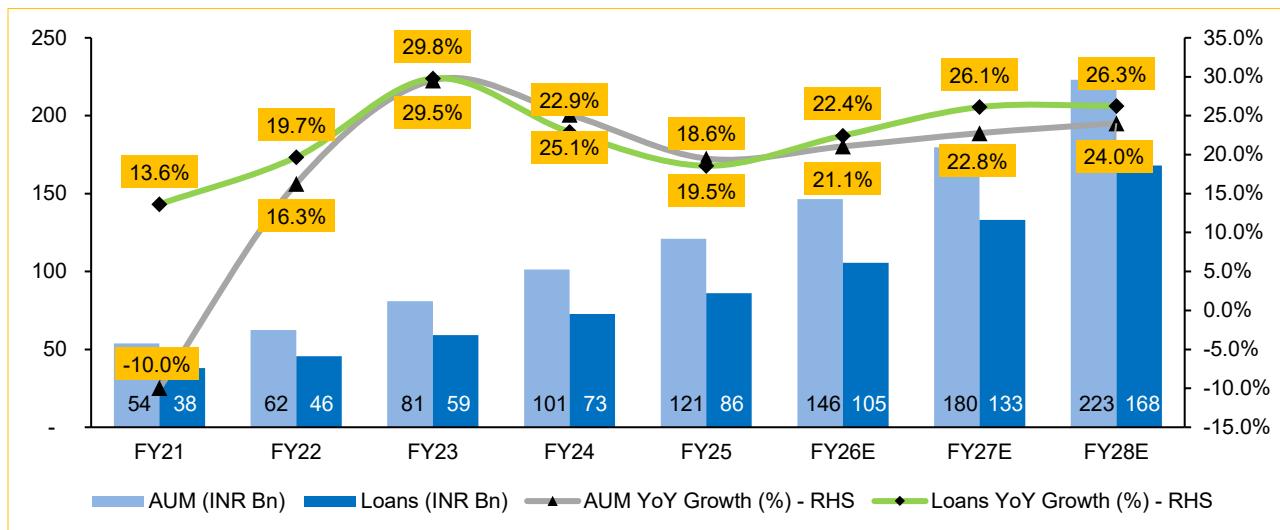
### 6.6 Board of Directors and KMP Profiles

Name	Designation	Qualification	Experience
 <b>Mr. Kamlesh C. Gandhi</b>	Chairman & Managing Director	Graduate	Mr. Kamlesh is associated with the Company since 1995 and has 30+ years of experience in financial services. He holds key positions in industry bodies like GCCI, GFCA, FIDC, ASSOCHAM, and SME Chamber of India.
 <b>Mrs. Darshana S. Pandya</b>	Executive Director & CEO	Graduate	Mrs. Darshana has been associated with the Company since 1996 and has 25+ years of experience in financial services. She leads operations at the Company and drives partnerships with 100+ NBFC-MFIs and NBFCs. She holds a bachelor's degree in commerce from Gujarat University.
 <b>Mr. Dhvanil K. Gandhi</b>	Executive Director	MBA	Mr. Dhvanil has been associated with the Company since 2014. He leads the SME vertical and drives key initiatives including insurance broking, investor relations, and technology. He holds a master of business administration degree from ISB, Hyderabad.
 <b>Mr. Ankit Jain</b>	Chief Financial Officer	MBA	Mr. Ankit has been the CFO of the Company since November 2019, while has been associated with the Company since 2010. He has 15+ years of experience in financial services. He holds a bachelor's degree in commerce from Pune University and is an MBA from ICFAI University.
 <b>Mr. Nishant Jain</b>	Chief Risk Officer	CA	Mr. Nishant has been associated with the company since 2018. He has 5+ years of experience in the financial services industry.
 <b>Mr. Rajen Shah</b>	Chief Technology Officer	MCA	Mr. Rajen has been associated with the Company since 2003. He has experience of 30+ years in Information Technology and Infrastructure. His responsibilities at the Company include overseeing IT Infrastructure solutions, EDP, Project Management, Data Science and Software Development.
 <b>Mr. Saumil Pandya</b>	President – Retail Assets	Graduate	Mr. Saumil has been associated with the company since 1996. He has 25+ years of experience in the financial services industry. He is responsible for managing Micro Enterprise, Two-Wheeler, Commercial Vehicle and Salaried Personal Loan products.

## 7. Financial Analysis

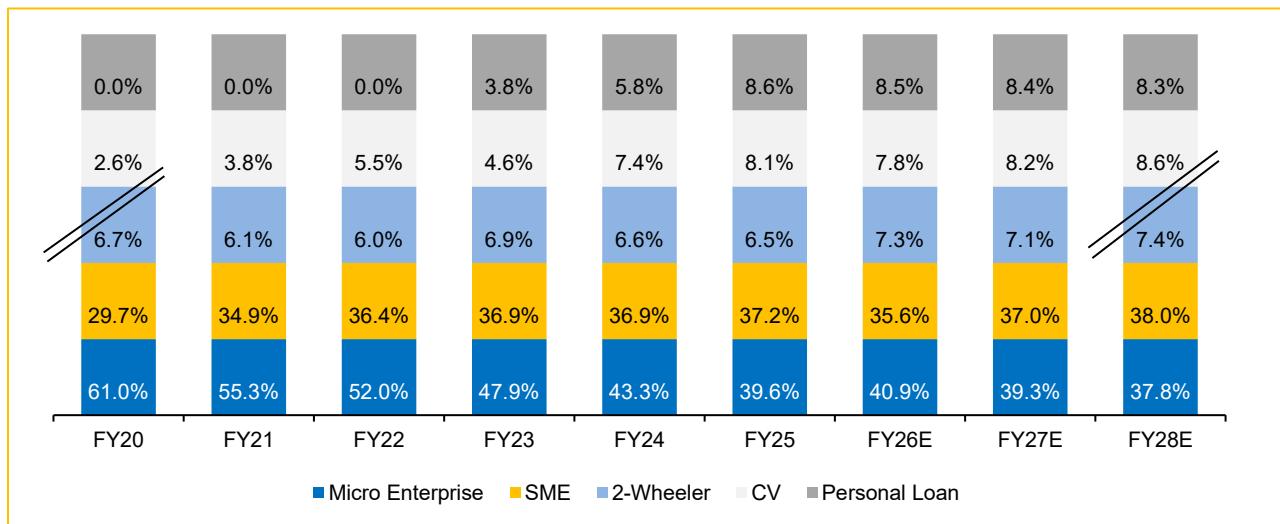
### 7.1 Trends and Forecasts

AUM Growth Expected at ~23% over FY25-28E, Largely in line with Historic-Trend



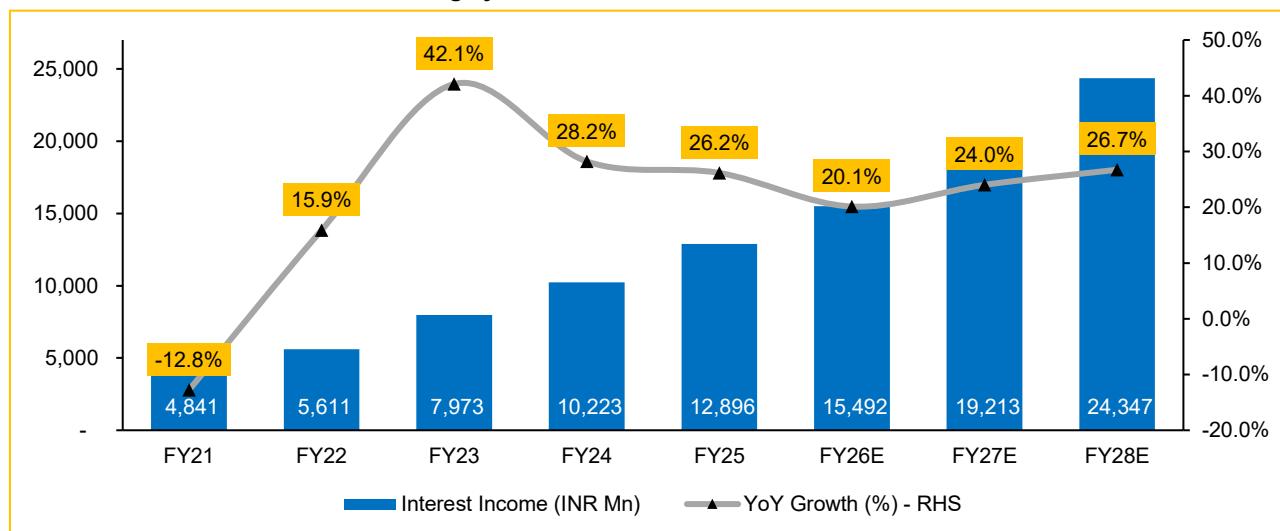
Source: MASFIN, Choice Institutional Equities

MASFIN Targets Higher AUM Mix for SMEs and Wheels Financing in the Medium Term



Source: MASFIN, Choice Institutional Equities

Interest Income to Witness Growth Largely in line with Loan Growth

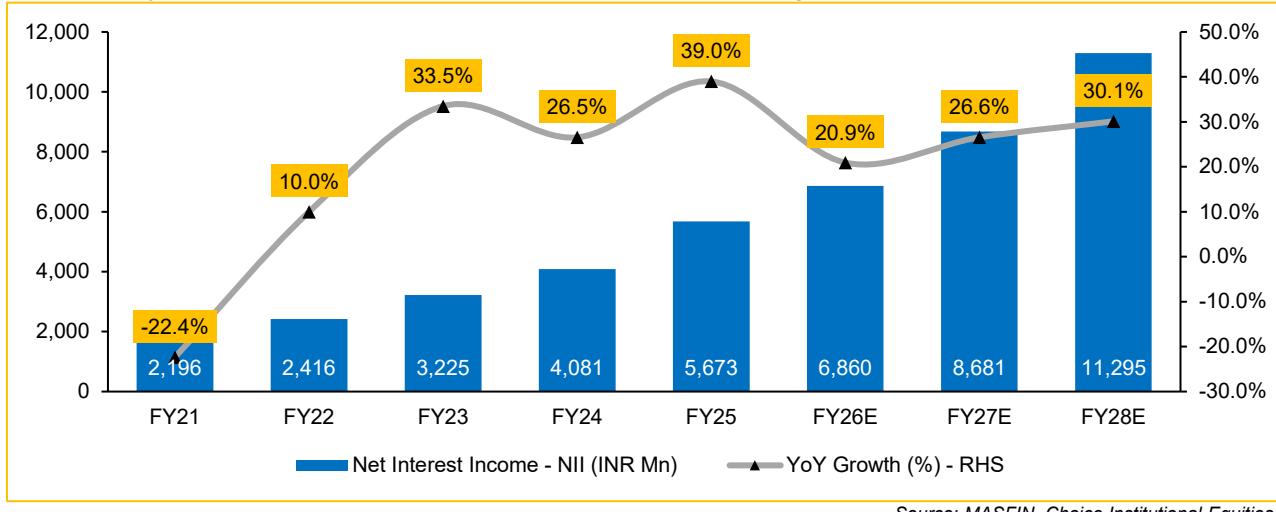


Source: MASFIN, Choice Institutional Equities

## 7. Financial Analysis

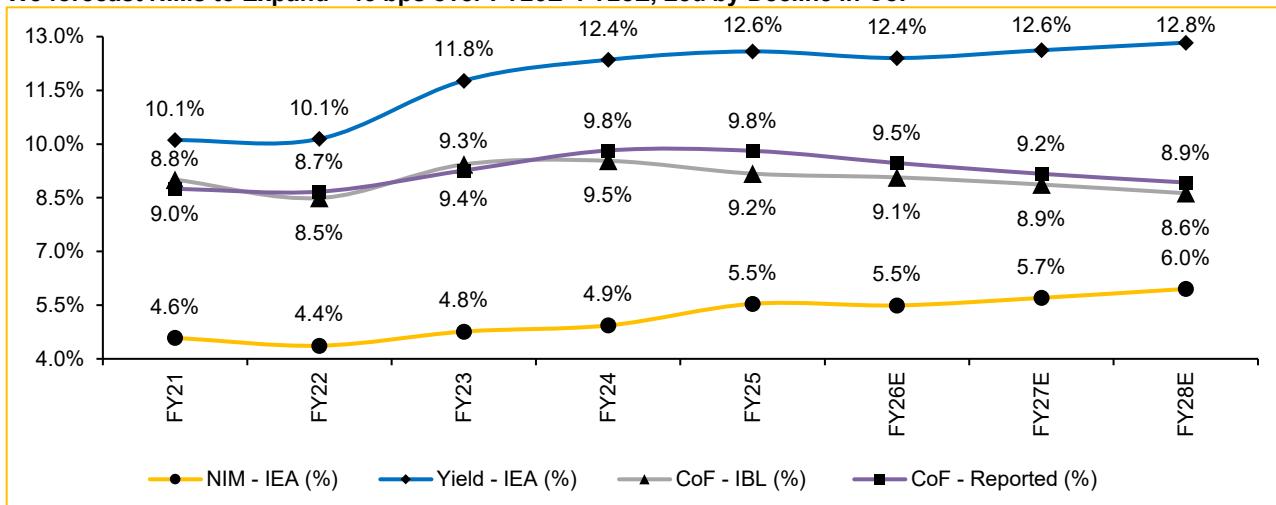
### 7.1 Trends and Forecasts

Supported by lower CoF, Growth in Net Interest Income to Remain Higher than Interest Income



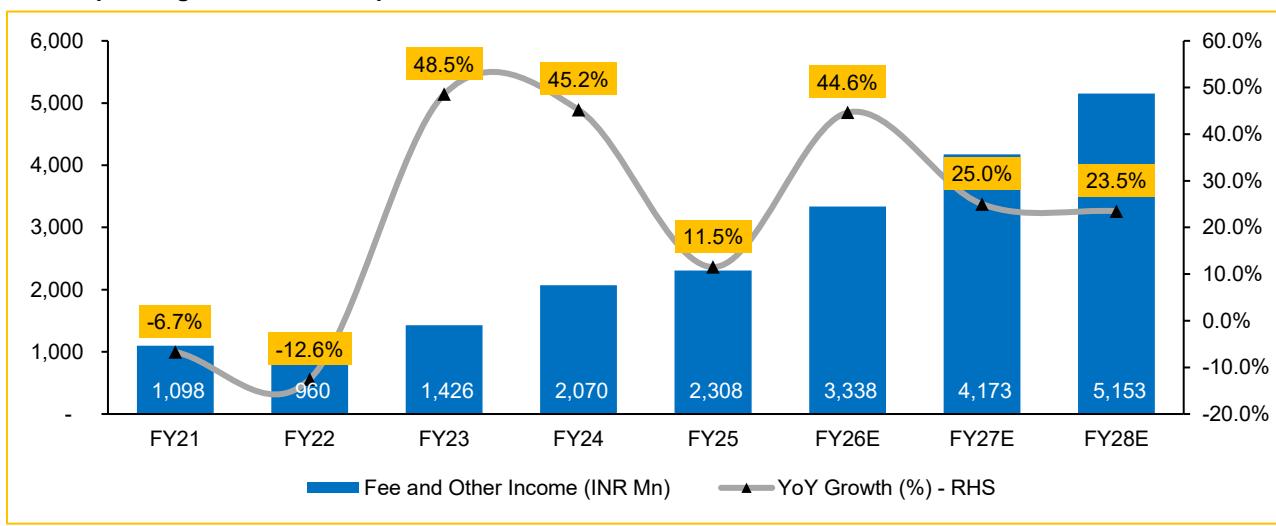
Source: MASFIN, Choice Institutional Equities

We forecast NIMs to Expand ~45 bps over FY26E-FY28E, Led by Decline in CoF



Source: MASFIN, Choice Institutional Equities

Other Operating Revenues to Expand in Line with AUM Growth in FY27E and FY28E

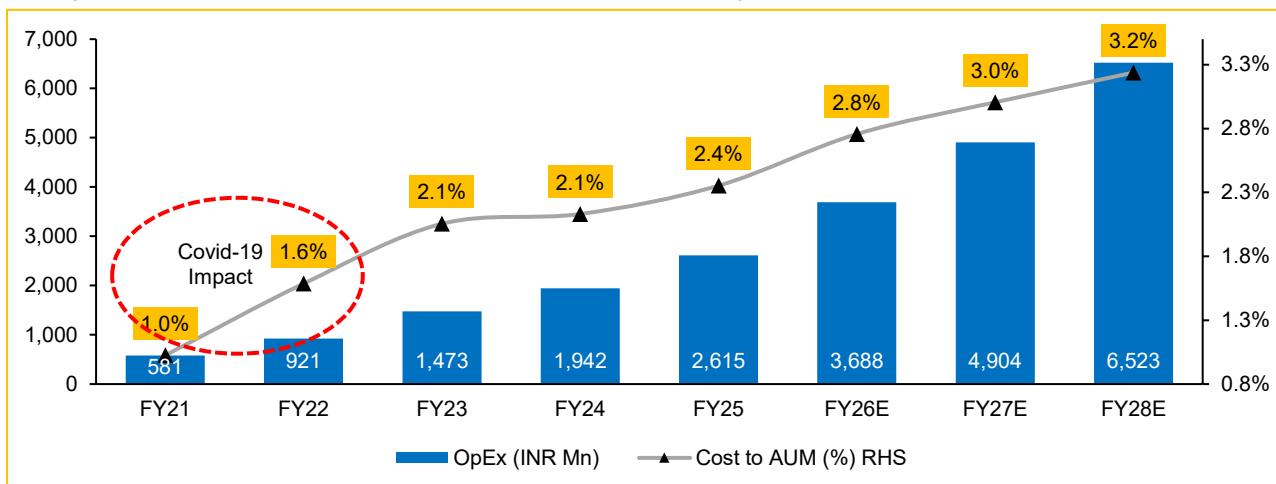


Source: MASFIN, Choice Institutional Equities

## 7. Financial Analysis

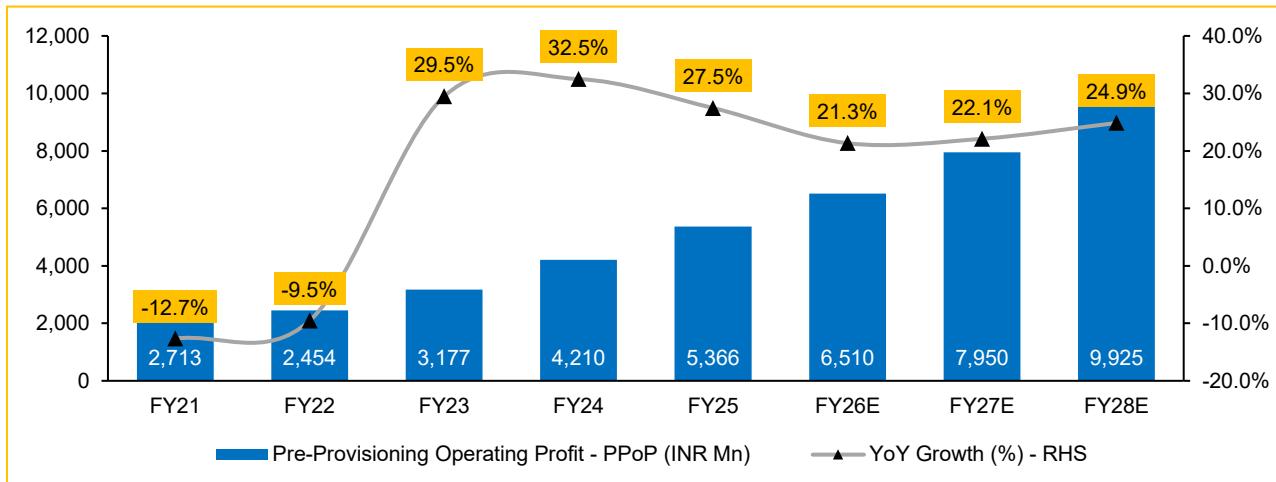
### 7.1 Trends and Forecasts

Led by Increase in Direct Retail Distribution, Cost-to-AUM is Projected to Increase over Time



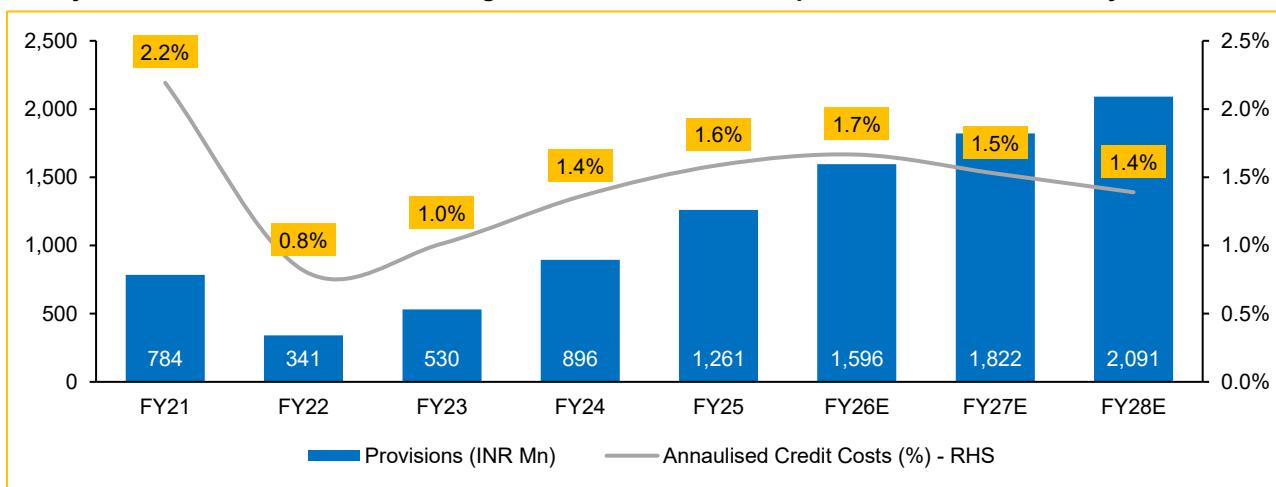
Source: MASFIN, Choice Institutional Equities

PPoP is Expected to Expand in Line with NII Growth



Source: MASFIN, Choice Institutional Equities

Led by reduction in stress across MEL segment, Credit Cost is Anticipated to Decline to ~1.4% by FY28E

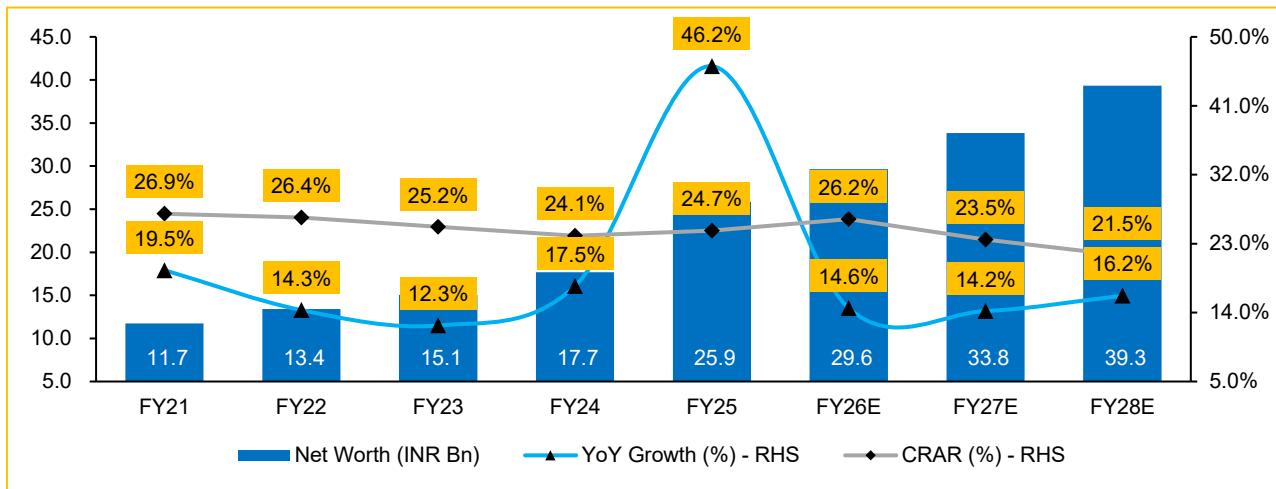


Source: MASFIN, Choice Institutional Equities

## 7. Financial Analysis

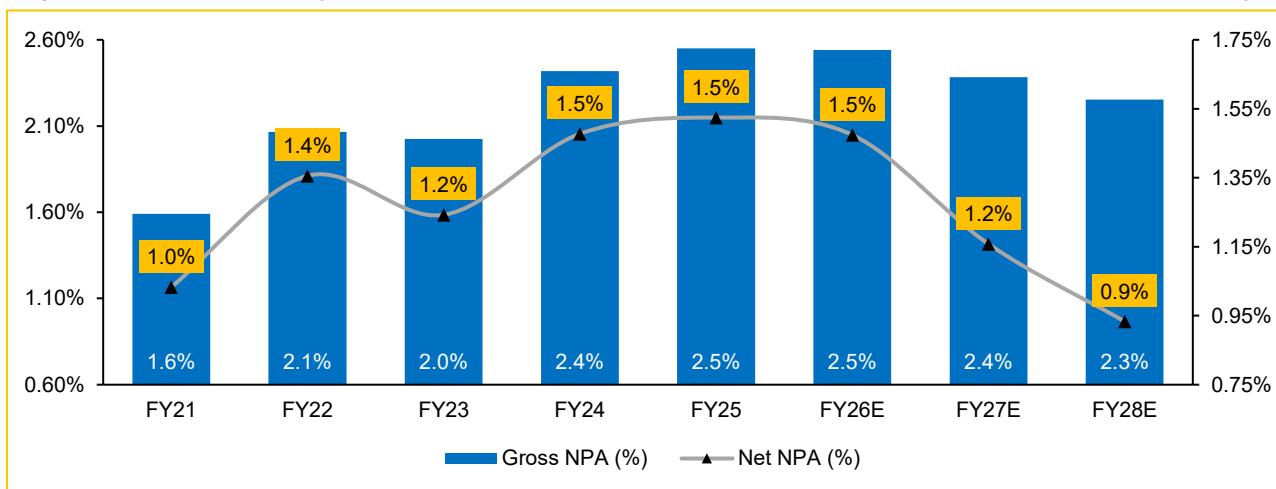
### 7.1 Trends and Forecasts

**MASFIN's CRAR at Comfortable Level, Sufficient to Fund AUM growth until FY28E**



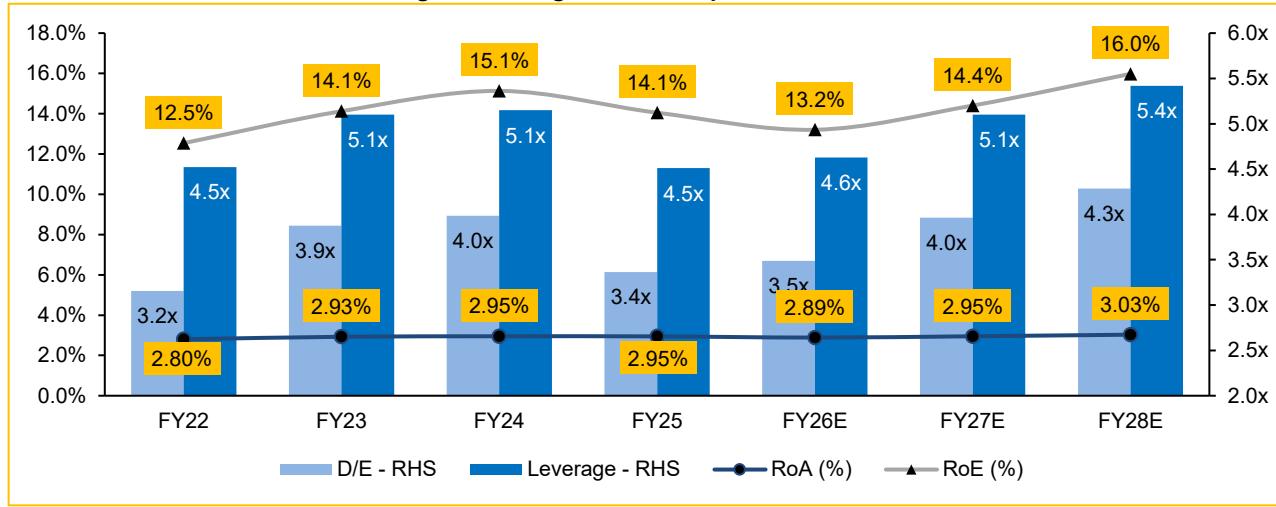
Source: MASFIN, Choice Institutional Equities

**Higher Collection Efficiency and Reduction in Stress across Portfolios to Drive Improvement in Asset Quality**



Source: MASFIN, Choice Institutional Equities

**Lower Credit Cost to Boost RoA; Higher Leverage to Drive Improvement in RoE**



Source: MASFIN, Choice Institutional Equities

## 7. Financial Analysis

### 7.2 Financials

#### Income Statement (Standalone)

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	10,223	12,896	15,492	19,213	24,347
Interest Expense	6,142	7,224	8,633	10,532	13,051
<b>Net Interest Income</b>	<b>4,081</b>	<b>5,673</b>	<b>6,860</b>	<b>8,681</b>	<b>11,295</b>
Growth (YoY %)	26.5	39.0	20.9	26.6	30.1
Non-Interest Income	2,070	2,308	3,338	4,173	5,153
<b>Total Operating Income</b>	<b>6,151</b>	<b>7,981</b>	<b>10,198</b>	<b>12,854</b>	<b>16,448</b>
Growth (YoY %)	32.3	29.7	27.8	26.0	28.0
Operating Expenses	1,942	2,615	3,688	4,904	6,523
Growth (YoY %)	31.8	34.7	41.0	33.0	33.0
<b>PPoP</b>	<b>4,210</b>	<b>5,366</b>	<b>6,510</b>	<b>7,950</b>	<b>9,925</b>
Growth (YoY %)	32.5	27.5	21.3	22.1	24.9
Provisions	896	1,261	1,596	1,822	2,091
Exceptional Items	-	-	-	-	-
<b>Profit Before Tax</b>	<b>3,314</b>	<b>4,104</b>	<b>4,914</b>	<b>6,128</b>	<b>7,834</b>
Tax Expense	837	1,045	1,252	1,556	1,990
<b>Profit After Tax</b>	<b>2,478</b>	<b>3,059</b>	<b>3,663</b>	<b>4,571</b>	<b>5,844</b>
Growth (YoY %)	23.3	23.5	19.7	24.8	27.8
<b>EPS (INR)</b>	<b>15.1</b>	<b>16.9</b>	<b>20.2</b>	<b>25.2</b>	<b>32.2</b>

#### Balance Sheet (Standalone)

INR Mn	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,640	1,815	1,815	1,815	1,815
Reserves & surplus	16,050	24,044	27,815	32,023	37,505
<b>Shareholder's Fund</b>	<b>17,690</b>	<b>25,858</b>	<b>29,630</b>	<b>33,838</b>	<b>39,320</b>
Borrowings	70,493	87,018	103,358	134,142	168,492
Other liabilities and Provisions	2,910	3,769	4,142	4,661	5,246
<b>Total Equity and Liabilities</b>	<b>91,092</b>	<b>116,645</b>	<b>137,130</b>	<b>172,642</b>	<b>213,058</b>
Loans	72,648	86,139	105,471	133,004	167,931
Other Financial Assets	17,123	28,699	29,209	36,771	41,774
Non-Financial Assets	1,321	1,807	2,450	2,866	3,353
<b>Total Assets</b>	<b>91,092</b>	<b>116,645</b>	<b>137,130</b>	<b>172,642</b>	<b>213,058</b>

RoA Tree (%)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	12.2	12.4	12.2	12.4	12.6
Interest Expense	7.3	7.0	6.8	6.8	6.8
<b>Net Interest Income</b>	<b>4.9</b>	<b>5.5</b>	<b>5.4</b>	<b>5.6</b>	<b>5.9</b>
Non-Interest income	2.5	2.2	2.6	2.7	2.7
Total Operating Income	7.3	7.7	8.0	8.3	8.5
Operating Expenses	2.3	2.5	2.9	3.2	3.4
<b>Operating Profit</b>	<b>5.0</b>	<b>5.2</b>	<b>5.1</b>	<b>5.1</b>	<b>5.1</b>
Provisions	1.1	1.2	1.3	1.2	1.1
Exceptional Items	-	-	0.0	-	-
<b>Profit Before Tax</b>	<b>3.9</b>	<b>4.0</b>	<b>3.9</b>	<b>4.0</b>	<b>4.1</b>
Tax Expense	1.0	1.0	1.0	1.0	1.0
<b>RoA</b>	<b>3.0</b>	<b>2.9</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>
Leverage	5.1	4.8	4.6	4.9	5.3
<b>RoE</b>	<b>15.1</b>	<b>14.1</b>	<b>13.2</b>	<b>14.4</b>	<b>16.0</b>

Key Ratios	FY24	FY25	FY26E	FY27E	FY28E
<b>Profitability Ratios</b>					
Yield on IEA (%)	12.4	12.6	12.4	12.6	12.8
Cost of Funds(%) – Calc.	9.5	9.2	9.1	8.9	8.6
Spread (%)	2.8	3.4	3.3	3.8	4.2
NIM - IEA (%)	4.9	5.5	5.5	5.7	6.0
RoE (%)	15.1	14.1	13.2	14.4	16.0
RoA (%)	3.0	2.9	2.9	3.0	3.0
<b>Capital Adequacy</b>					
Tier-I Capital	20.3	22.6	24.4	22.1	20.4
Tier-II Capital	3.7	2.1	1.8	1.4	1.1
CRAR	24.1	24.7	26.2	23.5	21.5
<b>Asset Quality Ratios</b>					
Gross Stage 3 (%)	2.4	2.5	2.5	2.4	2.3
Net Stage 3 (%)	1.5	1.5	1.5	1.2	0.9
Stage 3 ECL Provisions (%)	38.9	40.2	42.0	51.4	58.6
Credit Costs (bps)	136	159	167	153	139
<b>Valuation Ratios</b>					
P/ABV	2.8	1.8	2.2	1.9	1.6
P/E	18.8	14.6	16.4	13.1	10.3

Source: MASFIN, Choice Institutional Equities

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BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
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SELL	The security is expected to show downside of 10% or more over the next 12 months
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UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
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POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
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