JM FINANCIAL

India NBFC

2QFY26 Preview – Disbursements to pick up; asset quality key monitorable

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For our coverage universe of 23 NBFCs, we expect AUM growth to be ~17% YoY in 2QFY26 (~17%/20% YoY in 1QFY26/2QFY25) with marginal improvement in RoEs at 13.6% in 2QFY26E (13.1% in 1QFY26). Disbursement growth is likely to pick up across all sub-segments led by the looming festive season for auto financiers, diversification into non-MFI segments for MFIs, gold price pickup for gold financiers and housing pickup post a seasonally weaker 1Q. Overall margins are expected to improve/be steady for most, led by decline in CoFs. With many players revising credit cost guidance upwards, we do not expect material improvement in credit costs in 2Q. For diversified financiers, we expect YoY AUM growth to moderate led by softer disbursements over recent quarters while credit costs are likely to remain similar to that in 1Q. For VF players, we expect disbursement/AUM growth to gradually pick up led by festivities while credit costs are expected to marginally inch up on account of higher stress in non-VF book for CIFC/SHFL. MMFS also has reported ~10-20bps increase in its stage-3 sequentially. For HFC/AHFCs, credit cost is expected to remain benign and moderate. For MSME lenders, we expect inch up in credit costs. For MFI players, 2QFY26E is expected to continue its underperformance with no material improvement across the sector in terms of write-offs. In terms of sub-segments, HFCs/AHFCs are expected to deliver relatively strong numbers followed by diversified financials, MSMEs, VF and then MFI. Our preferred plays among NBFCs are: BAF/AB Cap (in diversified NBFCs), SHFL (in VFs), Aadhar/Aavas (in AHFCs) and Fedfina (in MSMEs/Gold).

- **Diversified NBFCs – expect growth to slow-down; credit costs to be steady:** We expect YoY AUM growth for diversified financiers to be lower in 2QFY26E due to subdued disbursements over the last 2 quarters. However, overall margins are expected to pick up with CoFs benefit, coming in from fresh disbursals at lower rates. Credit costs are expected to be flat QoQ for most players. Our top pick in the space is BAF followed by ABCAP.

- **Housing financiers – disbursements growth to pick up; credit cost to remain benign:** Disbursements growth is expected to pick up mainly driven by PNB HF (disbursement growth: 22% YoY in 2Q) and Aavas (disbursement growth: 24% YoY in 2Q). Margins are likely to remain range-bound as HLs are majorly offered at floating rates. Credit cost should remain benign across companies with PNB HF expected to report negative credit cost driven by recoveries. Our top picks in the space are Aadhar Housing and Aavas Financiers.

- **Vehicle financiers –disbursements growth to pick up gradually, asset quality to watch out for:** VFs' (SHFL, CIFC and MMFS) AUM growth moderation is likely to continue driven by lower disbursement growth over the past few quarters. However, 2H is expected to be strong led by GST cuts–led demand and volume pickup. MMFS reported ~5.4% QoQ growth in disbursements. For CIFC, we expect disbursement growth to gradually pick up, leading to ~4.5% QoQ AUM growth. Credit cost is expected to move up QoQ from non-VF book for CIFC/SHFL. MMFS too reported 10-20bps increase in GS3, which should drive up its CC.

- **MSME/LAP and others – growth to pick up in gold loans, while MSME to remain under pressure:** We expect Five-Star to deliver a subdued growth of 3% QoQ due to shift to higher ticket size where competition is relatively higher while SBFC is expected to continue to deliver its guided growth of 5-7% QoQ. Fedfina AUM growth is expected to be strong (+4.5% QoQ) led by rising gold prices. We expect a slight inch-up in credit costs for SBFC and Fedfina for 2Q, while Five-Star's credit costs are also likely to be elevated.

- **NBFC-MFIs – write-offs likely to continue; growth to pick up marginally:** We expect write-offs to continue for NBFC-MFIs while, at the same time, x-bucket CEs improve. We continue to build in higher credit costs for all NBFC-MFIs in our coverage (similar to 1QFY26) and expect earnings to gradually pick up only from 2HFY26. Growth is likely to pick up gradually from 2Q onwards led by non-MFI book on account of new MFIN guardrails and RBI relaxation to increase MFI exposure limit to 60% qualifying assets from the earlier 75%.

Diversified NBFCs - Expect healthy growth and largely steady credit costs

Exhibit 1. Disbursements to pick up; AUM growth to be steady

	AUM Growth (%YoY)						Disbursements Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
BAF	31%	29%	28%	26%	25%	24%	NA	NA	NA	NA	NA	NA
ABFL	25%	23%	21%	20%	22%	20%	2%	17%	-8%	8%	18%	3%
L&T Finance	13%	18%	16%	14%	15%	15%	21%	11%	2%	-3%	17%	24%
HDB Financial	31%	27%	23%	19%	15%	14%	NA	-42%	NA	NA	-8%	1%
Poonawalla	52%	40%	41%	43%	53%	63%	5%	-19%	-18%	-3%	44%	77%
Piramal Enterprises	10%	12%	16%	17%	22%	21%	19%	29%	9%	9%	28%	30%
Total	**26%**	**25%**	**24%**	**22%**	**23%**	**22%**	**54%**	**-9%**	**30%**	**37%**	**15%**	**18%**

Source: Company, JM Financial

Exhibit 2. NII/PPoP growth to pick up

	NII Growth (%YoY)						PPoP Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
BAF	25%	23%	23%	22%	22%	23%	25%	25%	27%	24%	22%	23%
ABFL	14%	8%	6%	3%	9%	19%	21%	9%	8%	1%	9%	22%
L&T Finance	23%	19%	11%	1%	2%	5%	21%	17%	6%	3%	4%	3%
HDB Financial	18%	21%	17%	17%	18%	25%	16%	14%	12%	19%	17%	24%
Poonawalla	37%	18%	25%	8%	11%	32%	48%	-16%	9%	-19%	-25%	25%
Piramal Enterprises	18%	17%	13%	28%	25%	23%	3%	58%	-8%	91%	57%	87%
Total	**22%**	**20%**	**18%**	**17%**	**17%**	**21%**	**23%**	**20%**	**19%**	**19%**	**17%**	**23%**

Source: Company, JM Financial

Exhibit 3. Meaningful decline in provisions growth to lead to healthy PAT YoY growth

	Provisions Growth (%YoY)						PAT Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
BAF	69%	77%	64%	78%	26%	23%	14%	13%	18%	19%	22%	24%
ABFL	20%	-3%	11%	0%	9%	30%	20%	15%	6%	6%	9%	19%
L&T Finance	8%	15%	16%	-11%	8%	-5%	29%	17%	-2%	15%	2%	8%
HDB Financial	55%	56%	125%	162%	62%	51%	3%	-2%	-26%	-19%	-2%	10%
Poonawalla	67%	3076%	-5546%	950%	442%	-70%	46%	-1350%	-93%	-81%	-79%	-113%
Piramal Enterprises	-34%	21%	6%	-71%	-33%	38%	-64%	237%	-102%	-24%	52%	142%
Total	**32%**	**81%**	**62%**	**6%**	**26%**	**4%**	**9%**	**4%**	**80%**	**7%**	**12%**	**35%**

Source: Company, JM Financial

Exhibit 4. Credit costs to be largely steady; margins to pick up

	Credit costs (%)						NIM (%)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
BAF	2.0%	2.1%	2.1%	2.3%	2.0%	2.1%	9.8%	9.7%	9.7%	9.6%	9.5%	9.6%
ABFL	1.4%	1.2%	1.3%	1.1%	1.2%	1.3%	5.6%	5.3%	5.3%	5.0%	5.0%	5.2%
L&T Finance	2.4%	2.6%	2.5%	2.5%	2.2%	2.2%	9.3%	9.0%	8.7%	8.0%	8.2%	8.2%
HDB Financial	1.8%	1.8%	2.5%	2.4%	2.5%	2.3%	7.6%	7.5%	7.4%	7.5%	7.7%	8.2%
Poonawalla	0.7%	13.2%	4.8%	3.0%	2.5%	2.5%	8.9%	8.1%	8.3%	7.3%	6.6%	6.7%
Piramal Enterprises	1.7%	1.3%	1.4%	2.7%	1.0%	1.5%	4.6%	4.9%	4.9%	4.9%	4.9%	4.9%
Total weighted avg	**1.9%**	**2.4%**	**2.2%**	**2.3%**	**2.0%**	**2.0%**	**8.3%**	**8.2%**	**8.2%**	**8.0%**	**7.9%**	**8.1%**

Source: Company, JM Financial

Exhibit 5. RoAs to be largely stable

	RoA (%)						RoE (%)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
BAF	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	20%	19%	19%	19%	19%	19%
ABFL	2.2%	2.2%	2.0%	2.0%	1.9%	2.0%	13%	15%	14%	12%	11%	11%
L&T Finance	2.6%	2.5%	2.2%	2.2%	2.3%	2.4%	12%	12%	10%	10%	11%	12%
HDB Financial	2.4%	2.4%	1.8%	2.0%	1.9%	2.1%	17%	16%	12%	14%	13%	14%
Poonawalla	4.6%	-7.1%	0.3%	0.8%	0.7%	0.6%	14%	-23%	1%	3%	3%	3%
Piramal Enterprises	0.9%	0.8%	0.2%	0.4%	1.2%	1.6%	3%	2%	1%	2%	4%	6%
Total weighted avg	3.1%	2.7%	2.8%	2.8%	2.8%	2.9%	15%	13%	13%	14%	14%	14%

Source: Company, JM Financial

Vehicle Financiers – YoY growth to slow down, Asset quality to watch out for

Exhibit 6. Disbursements growth to pick up gradually but subdued disbursements in 1Q indicate lower YoY AUM growth in 2QFY26

	AUM Growth (%YoY)					Disbursements Growth (% YoY)				
	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Cholamandalam	33%	30%	27%	24%	22%	13%	15%	7%	0%	7%
SHFL	20%	19%	17%	17%	16%	16%	16%	14%	11%	10%
MMFS	20%	19%	17%	15%	13%	-1%	7%	2%	1%	3%
Total	**24%**	**22%**	**20%**	**18%**	**17%**	**11%**	**14%**	**9%**	**6%**	**8%**

Source: Company, JM Financial

Exhibit 7. NII/PPoP tractor for vehicle financiers

	NII Growth (%YoY)					PPoP Growth (% YoY)				
	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Cholamandalam	35%	33%	30%	24%	24%	35%	40%	43%	30%	31%
SHFL	19%	14%	12%	10%	10%	15%	11%	11%	9%	11%
MMFS	19%	18%	12%	20%	21%	27%	15%	3%	19%	22%
Total	**23%**	**19%**	**17%**	**15%**	**16%**	**22%**	**19%**	**17%**	**16%**	**18%**

Source: Company, JM Financial

Exhibit 8. PAT to grow 17% YoY led by margin expansion

	Provisions Growth (%YoY)					PAT Growth (% YoY)				
	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Cholamandalam	56%	85%	228%	52%	46%	26%	24%	20%	21%	24%
SHFL	9%	6%	24%	8%	22%	18%	14%	10%	9%	6%
MMFS	12%	-97%	34%	47%	11%	57%	63%	-9%	3%	37%
Total	**19%**	**3%**	**47%**	**28%**	**25%**	**24%**	**25%**	**10%**	**11%**	**15%**

Source: Company, JM Financial

Exhibit 9. NIMs to improve while credit costs are expected to inch up ~20bps QoQ (weighted average)

	Credit costs (%)					NIM (%)				
	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Cholamandalam	1.6%	1.6%	1.4%	1.9%	1.9%	6.8%	6.8%	6.8%	6.8%	6.8%
SHFL	2.1%	2.1%	2.4%	1.9%	2.2%	9.4%	9.2%	9.1%	8.8%	8.9%
MMFS	2.6%	0.0%	1.6%	2.2%	2.5%	7.2%	7.4%	7.3%	7.5%	7.6%
Total weighted avg	**2.1%**	**1.6%**	**2.0%**	**2.0%**	**2.2%**	**8.1%**	**8.0%**	**8.0%**	**7.8%**	**7.9%**

Source: Company, JM Financial

Exhibit 10. Return ratios to remain range-bound

	RoA (%)					RoE (%)				
	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Cholamandalam	2.2%	2.3%	2.6%	2.2%	2.2%	18%	20%	22%	19%	19%
SHFL	3.3%	3.1%	3.0%	2.9%	2.8%	16%	16%	15%	15%	15%
MMFS	1.2%	2.8%	1.7%	1.6%	1.5%	8%	19%	12%	10%	9%
Total weighted avg	**2.5%**	**2.8%**	**2.6%**	**2.4%**	**2.4%**	**15%**	**17%**	**16%**	**15%**	**14%**

Source: Company, JM Financial

HFCs – AUM growth to pick up; Margins to be steady

Exhibit 11. AUM growth to pick up led by healthy disbursements

	AUM Growth (%YoY)						Disbursements Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
LIC Housing	4%	6%	6%	7%	7%	7%	19%	12%	-3%	5%	2%	10%
PNB Housing Finance	8%	11%	12%	13%	13%	14%	19%	28%	30%	23%	13%	22%
Aadhar Housing	21%	21%	21%	21%	22%	21%	4%	18%	20%	18%	32%	5%
Aptus	27%	27%	27%	25%	24%	23%	4%	26%	21%	10%	15%	10%
Aavas	22%	20%	20%	18%	16%	17%	13%	3%	17%	7%	-5%	24%
HomeFirst Finance	35%	34%	33%	31%	29%	27%	30%	23%	18%	16%	7%	15%
Total	**7%**	**9%**	**10%**	**10%**	**10%**	**11%**	**18%**	**16%**	**7%**	**10%**	**6%**	**13%**

Source: Company, JM Financial

Exhibit 12. NII/PPoP YoY growth to be largely steady

	NII Growth (%YoY)						PPoP Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
LIC Housing	-10%	-6%	-5%	-3%	4%	5%	-12%	-8%	-7%	-1%	7%	6%
PNB Housing Finance	4%	3%	16%	17%	16%	14%	7%	1%	16%	14%	17%	19%
Aadhar Housing	20%	20%	24%	22%	20%	14%	26%	20%	20%	27%	20%	14%
Aptus	23%	21%	21%	19%	18%	21%	21%	26%	17%	26%	31%	23%
Aavas	6%	12%	15%	15%	18%	14%	16%	19%	23%	10%	12%	7%
HomeFirst Finance	18%	19%	21%	26%	33%	35%	22%	21%	27%	28%	41%	43%
Total	**-1%**	**1%**	**5%**	**6%**	**11%**	**11%**	**-2%**	**0%**	**3%**	**7%**	**13%**	**12%**

Source: Company, JM Financial

Exhibit 13. Provisions to grow 134% YoY; PAT growth to slow down to 10% YoY

	Provisions Growth (%YoY)						PAT Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
LIC Housing	-60%	-82%	-110%	-74%	35%	95%	-2%	12%	23%	25%	5%	2%
PNB Housing Finance	-120%	-202%	-161%	-1076%	370%	8%	25%	23%	43%	25%	23%	18%
Aadhar Housing	-41%	771%	55%	-254%	43%	25%	37%	15%	18%	21%	19%	13%
Aptus	46%	71%	-28%	46%	190%	26%	21%	23%	21%	26%	28%	23%
Aavas	51%	-26%	-24%	77%	31%	127%	15%	22%	26%	8%	10%	4%
HomeFirst Finance	-28%	-28%	40%	181%	110%	93%	27%	24%	24%	25%	35%	38%
Total	**-64%**	**-87%**	**-107%**	**-83%**	**17%**	**134%**	**8%**	**16%**	**26%**	**24%**	**12%**	**10%**

Source: Company, JM Financial

Exhibit 14. Credit costs to improve for most players; NIM to be largely steady

	Credit costs (%)						NIM (%)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
LIC Housing	0.2%	0.1%	-0.1%	0.1%	0.2%	0.2%	2.8%	2.7%	2.7%	2.9%	2.7%	2.7%
PNB Housing Finance	-0.1%	-0.2%	-0.2%	-0.3%	-0.3%	-0.2%	3.6%	3.6%	3.6%	3.7%	3.7%	3.6%
Aadhar Housing	0.3%	0.2%	0.3%	0.1%	0.4%	0.2%	6.7%	7.0%	7.0%	6.6%	6.6%	6.5%
Aptus	0.2%	0.4%	0.3%	0.3%	0.4%	0.4%	11.7%	11.8%	11.7%	11.4%	11.2%	11.5%
Aavas	0.2%	0.1%	0.1%	0.2%	0.2%	0.2%	6.3%	6.6%	6.5%	6.8%	6.3%	6.5%
HomeFirst Finance	0.2%	0.2%	0.3%	0.2%	0.4%	0.3%	5.8%	5.8%	5.6%	5.6%	5.9%	6.1%
Total weighted avg	**0.2%**	**0.1%**	**0.0%**	**0.1%**	**0.2%**	**0.1%**	**3.5%**	**3.5%**	**3.5%**	**3.7%**	**3.5%**	**3.5%**

Source: Company, JM Financial

Exhibit 15. RoAs to improve QoQ

	RoA (%)						RoE (%)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
LIC Housing	1.8%	1.8%	1.9%	1.8%	1.7%	1.7%	16.2%	16.1%	17.3%	15.9%	14.7%	14.2%
PNB Housing Finance	2.4%	2.5%	2.5%	2.7%	2.6%	2.6%	11.4%	12.0%	12.0%	13.3%	12.5%	12.6%
Aadhar Housing	4.1%	4.4%	4.5%	4.3%	4.0%	8.6%	15.9%	15.8%	16.0%	15.7%	14.6%	15.3%
Aptus	7.5%	7.4%	7.3%	7.6%	7.7%	7.5%	18.1%	18.6%	18.8%	19.7%	20.1%	19.8%
Aavas	3.0%	3.5%	3.4%	3.4%	2.9%	3.1%	13.1%	14.9%	14.2%	14.4%	12.6%	13.5%
HomeFirst Finance	3.6%	3.4%	3.4%	3.5%	3.7%	3.6%	16.3%	16.5%	16.6%	17.0%	14.9%	13.0%
Total weighted avg	**2.2%**	**2.3%**	**2.4%**	**2.3%**	**2.2%**	**2.3%**	**14.9%**	**15.2%**	**15.8%**	**15.4%**	**14.4%**	**14.2%**

Source: Company, JM Financial

MSME & Others – Growth moderation to continue; credit costs to inch up

Exhibit 16. AUM and disbursements growth to moderate

	AUM Growth (%YoY)						Disbursements Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Five Star Business	36%	32%	25%	23%	20%	17%	16%	4%	-22%	9%	-2%	4%
SBFC	35%	33%	30%	28%	30%	28%	-18%	-4%	-2%	6%	51%	32%
Fedfina	40%	42%	39%	30%	19%	15%	69%	30%	31%	29%	19%	60%
Total	**37%**	**36%**	**32%**	**27%**	**22%**	**19%**	**44%**	**18%**	**15%**	**22%**	**17%**	**45%**

Source: Company, JM Financial

Exhibit 17. NII (ex-Fedfina) growth to moderate; PPoP growth (ex-Five-Star) to pick up

	NII Growth (%YoY)						PPoP Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Five Star Business	31%	30%	28%	21%	20%	17%	36%	37%	29%	19%	14%	12%
SBFC	53%	44%	32%	25%	30%	28%	64%	58%	39%	33%	34%	35%
Fedfina	41%	28%	26%	35%	7%	8%	56%	37%	21%	21%	0%	9%
Total	**38%**	**32%**	**28%**	**25%**	**18%**	**17%**	**45%**	**41%**	**30%**	**22%**	**15%**	**16%**

Source: Company, JM Financial

Exhibit 18. Lower provisions growth to result in increase in PAT YoY growth

	Provisions Growth (%YoY)						PAT Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Five Star Business	22%	106%	129%	31%	158%	126%	37%	34%	26%	18%	6%	5%
SBFC	46%	72%	56%	53%	68%	65%	68%	60%	38%	29%	28%	28%
Fedfina	230%	169%	380%	83%	-21%	-9%	30%	12%	-71%	6%	7%	18%
Total	**90%**	**122%**	**235%**	**55%**	**47%**	**45%**	**41%**	**34%**	**10%**	**18%**	**10%**	**12%**

Source: Company, JM Financial

Exhibit 19. Credit costs to be steady or inch up due to SME led stress; margins to improve

	Credit costs (%)						NIM (%)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Five Star Business	0.7%	0.8%	0.8%	0.9%	1.6%	1.6%	19.3%	19.4%	19.5%	19.4%	19.0%	19.1%
SBFC	0.8%	1.0%	1.0%	1.0%	1.1%	1.3%	10.1%	10.1%	10.1%	10.0%	10.2%	10.0%
Fedfina	1.1%	1.2%	3.0%	0.8%	0.7%	0.9%	7.9%	7.7%	7.5%	7.4%	6.8%	7.2%
Total weighted avg	**1.0%**	**1.2%**	**2.1%**	**1.0%**	**1.3%**	**1.4%**	**12.2%**	**12.2%**	**12.1%**	**11.9%**	**11.6%**	**11.8%**

Source: Company, JM Financial

Exhibit 20. RoA/RoE trajectory across MSME/Others

	RoA (%)						RoE (%)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Five Star Business	8.4%	8.5%	8.3%	8.0%	7.3%	7.5%	18.9%	19.2%	18.7%	18.1%	16.5%	16.8%
SBFC	4.5%	4.6%	4.5%	4.5%	4.5%	4.6%	11.2%	11.5%	11.7%	12.0%	12.4%	12.8%
Fedfina	2.4%	2.1%	0.6%	2.2%	2.3%	2.3%	12.3%	10.9%	3.1%	11.4%	11.6%	11.4%
Total weighted avg	**5.2%**	**5.2%**	**4.5%**	**5.1%**	**4.8%**	**4.9%**	**15.4%**	**15.3%**	**13.4%**	**15.1%**	**14.4%**	**14.6%**

Source: Company, JM Financial

NBFC-MFIs – stress to persist; expect weakness to continue

Exhibit 21. AUM/Disbursements growth to be aided by non-MFI loans

	AUM Growth (%YoY)						Disbursements Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Creditaccess	21%	12%	6%	-3%	-1%	4%	-6%	-19%	-5%	-20%	22%	37%
Muthoot Microfin	22%	15%	8%	1%	0%	-1%	-11%	-1%	-21%	-32%	-19%	-30%
Spandana Sphoorty	32%	8%	-14%	-43%	-58%	-54%	37%	-40%	-43%	-91%	-88%	-27%
Satin Creditcare	23%	16%	10%	8%	7%	9%	0%	9%	-3%	0%	6%	-6%
Fusion Finance	26%	15%	-1%	-22%	-37%	-33%	31%	-29%	-57%	-61%	-68%	-37%
Total	**24%**	**13%**	**3%**	**-10%**	**-14%**	**-11%**	**6%**	**-16%**	**-22%**	**-38%**	**-24%**	**-4%**

Source: Company, JM Financial

Exhibit 22. NII/PPoP to continue shrinking due to elevated write-offs

	NII Growth (%YoY)						PPoP Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Creditaccess	31%	18%	6%	-5%	-2%	2%	30%	19%	4%	-7%	-8%	-1%
Muthoot Microfin	52%	48%	41%	-8%	-17%	-13%	47%	25%	40%	-47%	-40%	-23%
Spandana Sphoorty	45%	10%	-15%	-48%	-70%	-67%	57%	-9%	-64%	-89%	-121%	-105%
Satin Creditcare	42%	27%	17%	-3%	1%	2%	59%	15%	15%	-46%	-5%	-7%
Fusion Finance	37%	30%	-37%	-33%	-38%	-40%	26%	17%	-75%	-69%	-71%	-61%
Total	**38%**	**24%**	**2%**	**-17%**	**-21%**	**-18%**	**38%**	**14%**	**-15%**	**-41%**	**-41%**	**-30%**

Source: Company, JM Financial

Exhibit 23. Provisions/PAT growth trajectory across NBFC-MFIs

	Provisions Growth (%YoY)						PAT Growth (% YoY)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Creditaccess	129%	338%	496%	280%	228%	30%	14%	-46%	-128%	-88%	-85%	-52%
Muthoot Microfin	254%	263%	386%	877%	77%	-1%	18%	-44%	-97%	-435%	-95%	-65%
Spandana Sphoorty	743%	469%	841%	548%	90%	-50%	-54%	-275%	-433%	-436%	-741%	-6%
Satin Creditcare	344%	348%	445%	64%	102%	-13%	20%	-58%	-87%	-83%	-57%	10%
Fusion Finance	359%	811%	510%	114%	-49%	-86%	-130%	-343%	-669%	-224%	159%	-105%
Total	**308%**	**472%**	**539%**	**339%**	**62%**	**-39%**	**-17%**	**-127%**	**-243%**	**-201%**	**-149%**	**-92%**

Source: Company, JM Financial

Exhibit 24. Credit costs to remain elevated; margins to inch up

	Credit costs (%)						NIM (%)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Creditaccess	2.6%	6.5%	12.0%	9.2%	8.8%	8.4%	15.1%	15.1%	14.5%	14.6%	15.1%	15.2%
Muthoot Microfin	2.3%	5.0%	7.9%	21.1%	4.1%	5.0%	12.1%	12.2%	12.4%	9.9%	10.0%	10.6%
Spandana Sphoorty	6.8%	17.7%	24.9%	29.0%	26.0%	20.0%	14.0%	14.1%	12.2%	10.3%	8.3%	10.4%
Satin Creditcare	2.4%	4.7%	6.8%	3.5%	4.5%	3.8%	12.5%	12.8%	13.0%	11.4%	11.8%	12.2%
Fusion Finance	11.8%	23.4%	20.7%	10.4%	8.6%	5.0%	14.9%	14.7%	8.4%	11.0%	13.1%	13.6%
Total weighted avg	**5.6%**	**12.5%**	**16.5%**	**15.8%**	**10.4%**	**8.6%**	**14.0%**	**14.0%**	**12.6%**	**12.2%**	**12.6%**	**13.1%**

Source: Company, JM Financial

Exhibit 25. Returns profile to remain muted

	RoA (%)						RoE (%)					
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26F
Creditaccess	5.6%	2.7%	-1.5%	0.7%	0.9%	1.3%	23.5%	10.7%	-5.7%	2.7%	3.4%	5.0%
Muthoot Microfin	3.9%	2.1%	0.1%	-14.3%	0.2%	0.8%	5.3%	2.9%	0.2%	-19.3%	0.3%	1.1%
Spandana Sphoorty	1.7%	-7.1%	-15.4%	-18.8%	-16.8%	-10.3%	5.7%	-23.2%	-48.8%	-58.0%	-53.5%	-34.9%
Satin Creditcare	3.9%	1.6%	0.5%	0.8%	1.6%	1.7%	17.3%	7.1%	2.2%	3.4%	7.1%	7.8%
Fusion Finance	-1.2%	-10.3%	-27.6%	-7.4%	-4.7%	0.8%	-5.0%	-45.7%	-132.9%	-38.2%	-20.6%	3.0%
Total weighted avg	**3.4%**	**-1.2%**	**-6.8%**	**-5.3%**	**-1.9%**	**-0.1%**	**10.5%**	**-3.6%**	**-20.4%**	**-16.2%**	**-5.7%**	**-0.3%**

Source: Company, JM Financial

2QFY26 – Quarterly Expectations

Exhibit 26. Diversified NBFCs – Quarterly estimates

	INR mn	Q2FY25	Q1FY26	Q2FY26E	YoY	QoQ	Comments
BAF	AUM (INR bn)	3,739	4,415	4,623	23.6%	4.7%	We expect margins to be marginally up while AUM growth came in healthy at 4.7% QoQ, in line with their guidance to achieve 24-25% YoY growth in FY26E. Credit costs are likely to remain range-bound
	NII	88,377	102,270	108,622	22.9%	6.2%	
	Total Income	109,461	126,101	133,361	21.8%	5.8%	
	PPoP	73,071	84,871	89,959	23.1%	6.0%	
	PAT	40,137	47,653	49,823	24.1%	4.6%	
	NIM	9.7%	9.5%	9.6%	-9bps	8bps	
	Credit cost (on AUM)	2.1%	2.0%	2.1%	-3bps	9bps	
	RoA	4.0%	4.0%	4.0%	7bps	1bps	
ABCAP	AUM (INR bn)	1,147	1,312	1,379	20.2%	5.1%	We expect a healthy ~5% QoQ growth in NBFC business driven by P&C segment while other businesses are expected to grow at usual runrate. Margins likely to inch up as MCLR linked borrowings re-price.
	NII	14,581	16,194	17,395	19.3%	7.4%	
	Total Income	17,109	18,688	20,088	17.4%	7.5%	
	PPoP	11,802	13,069	14,456	22.5%	10.6%	
	PAT	6,288	6,757	7,511	19.5%	11.2%	
	NIM	5.3%	5.0%	5.2%	-8bps	14bps	
	Credit cost (on AUM)	1.2%	1.2%	1.3%	9bps	6bps	
	RoA	2.2%	1.9%	2.0%	-17bps	11bps	
LTF	AUM (INR bn)	930	1,023	1,066	14.6%	4.2%	LTF reported strong retail disbursements growth of 24% to result in AUM growth of ~4.2% QoQ. Margins likely to remain flat in line with management guidance to maintain NIM+fee at ~10.25%. Expect largely steady credit costs; to improve in 2HFY26 as overall MFI stress improve.
	NII	20,510	20,540	21,520	4.9%	4.8%	
	Total Income	24,910	25,470	26,450	6.2%	3.8%	
	PPoP	15,330	14,980	15,750	2.7%	5.1%	
	PAT	6,950	7,010	7,527	8.3%	7.4%	
	NIM	9.0%	8.2%	8.2%	-79bps	3bps	
	Credit cost (on AUM)	2.6%	2.2%	2.2%	-45bps	-6bps	
	RoA	2.5%	2.3%	2.4%	-17bps	10bps	

Source: Company, JM Financial

Exhibit 27. Diversified NBFCs - Quarterly estimates (continued)

	INR mn	Q2FY25	Q1FY26	Q2FY26E	YoY	QoQ	Comments
HDB Financial	AUM (INR bn)	991	1,097	1,126	13.6%	2.6%	AUM growth to remain subdued at 2.6% QoQ. Margins are expected to improve leading to strong NII growth. Credit costs to normalize.
	NII	18,325	20,918	22,876	24.8%	9.4%	
	Total Income	24,083	27,257	29,303	21.7%	7.5%	
	PPoP	12,301	14,022	15,284	24.3%	9.0%	
	PAT	5,910	5,677	6,524	10.4%	14.9%	
	NIM	7.5%	7.7%	8.2%	70bps	52bps	
	Credit cost (on AUM)	1.8%	2.5%	2.3%	58bps	-12bps	
	RoA	2.4%	1.9%	2.1%	-29bps	14bps	
POONAWALLA	AUM (INR bn)	284	413	463	62.9%	12.1%	Strong growth to continue with launch of new products. Margins and credit costs are likely to remain steady.
	NII	5,592	6,393	7,353	31.5%	15.0%	
	Total Income	6,449	7,679	8,468	31.3%	10.3%	
	PPoP	2,839	3,245	3,544	24.8%	9.2%	
	PAT	-4,710	626	625	-113.3%	-0.2%	
	NIM	8.1%	6.6%	6.7%	-136bps	7bps	
	Credit cost (on AUM)	13.2%	2.5%	2.5%	-1073bps	-3bps	
	RoA	-7.1%	0.7%	0.6%	765bps	-8bps	
PEL	AUM (INR bn)	747	858	905	21.1%	5.5%	With wholesale rundown to continue, we expect retail assets to continue strong growth leading to ~5%+ sequential growth during the quarter. Legacy book is expected to close <3% of total book by FY26 end. NIMs to remain largely steady as floating mix of assets are nearly similar to borrowings floating mix. Expect AIF recoveries to continue to offset legacy write-offs. We do not expect material on-offs during the quarter
	NII	8,810	10,100	10,812	22.7%	7.0%	
	Total Income	11,376	12,370	16,232	42.7%	31.2%	
	PPoP	3,966	4,250	7,420	87.1%	74.6%	
	PAT	1,636	2,760	3,960	142.0%	43.5%	
	NIM	4.9%	4.9%	4.9%	6bps	5bps	
	Credit cost (on AUM)	1.3%	1.0%	1.5%	18bps	53bps	
	RoA	0.8%	1.2%	1.6%	83bps	45bps	

Source: Company, JM Financial

Exhibit 28. Vehicle Financiers – Quarterly estimates

	INR mn	Q2FY25	Q1FY26	Q2FY26E	YoY	QoQ	Comments
CIFC	AUM (INR bn)	1,646	1,921	2,008	22.0%	4.5%	We expect disbursements to pick up with management's confidence to grow its AUM by ~20-25% in FY26E. Margins are expected to move up marginally led by benefits from CoFs while Credit cost is expected to remain largely flattish QoQ.
	NII	27,128	31,838	33,639	24.0%	5.7%	
	Total Income	32,376	38,645	40,718	25.8%	5.4%	
	PPoP	19,221	24,117	25,121	30.7%	4.2%	
	PAT	9,631	11,359	11,897	23.5%	4.7%	
	NIM	6.8%	6.8%	6.8%	7bps	9bps	
	Credit cost (on AUM)	1.6%	1.9%	1.9%	29bps	-2bps	
	RoA	2.2%	2.2%	2.2%	6bps	2bps	
SHFL	AUM (INR bn)	2,430	2,722	2,818	15.9%	3.5%	We expect steady growth of ~3.5% QoQ during the quarter led by 10% YoY growth in disbursements. Credit cost is expected to remain elevated at 2.2% (as % AUM) while higher fixed rate loans to lead margins expansion of 10bps QoQ. We expect stressed pool to remain stable.
	NII	55,783	58,721	61,457	10.2%	4.7%	
	Total Income	57,463	61,410	65,120	13.3%	6.0%	
	PPoP	39,865	41,924	44,409	11.4%	5.9%	
	PAT	20,713	21,557	22,035	6.4%	2.2%	
	NIM	9.4%	8.8%	8.9%	-49bps	10bps	
	Credit cost (on AUM)	2.1%	1.9%	2.2%	10bps	25bps	
	RoA	3.3%	2.9%	2.8%	-41bps	-4bps	
MMFS	AUM (INR bn)	1,125	1,220	1,271	13.0%	4.2%	MMFS reported a decent AUM growth of ~4.2% QoQ as disbursements picked up 5.4% QoQ. Stage-3 moved up ~10-20bps QoQ while stage-2 dropped 10-15bps QoQ. Margins to benefit from fixed rate vehicle loans. Credit cost should remain elevated.
	NII	19,632	22,670	23,726	20.9%	4.7%	
	Total Income	19,908	22,853	23,917	20.1%	4.7%	
	PPoP	11,961	13,530	14,563	21.8%	7.6%	
	PAT	3,695	5,295	5,050	36.7%	-4.6%	
	NIM	7.2%	7.5%	7.6%	44bps	12bps	
	Credit cost (on AUM)	2.6%	2.2%	2.5%	-6bps	33bps	
	RoA	1.2%	1.6%	1.5%	24bps	-10bps	

Source: Company, JM Financial

Exhibit 29. Housing Financiers – Quarterly estimates

	INR mn	Q2FY25	Q1FY26	Q2FY26E	YoY	QoQ	Comments
LICHF	AUM (INR bn)	2,946	3,096	3,163	7.4%	2.2%	LICHF is expected to continue its subdued growth while margins are likely to remain stable. Credit cost is likely to remain stable/improve marginally QoQ.
	NII	19,739	20,658	20,793	5.3%	0.7%	
	Total Income	20,522	21,859	21,889	6.7%	0.1%	
	PPoP	17,417	18,920	18,522	6.3%	-2.1%	
	PAT	13,289	13,599	13,616	2.5%	0.1%	
	NIM	2.7%	2.7%	2.7%	-5bps	-2bps	
	Credit cost (on AUM)	0.1%	0.2%	0.2%	9bps	-6bps	
	RoA	1.8%	1.7%	1.7%	-9bps	-2bps	
PNBHF	AUM (INR bn)	747	821	855	14.5%	4.2%	We expect disbursements to pick up in 2Q (+22% YoY) and expect a decent AUM growth rate of ~4% QoQ. Recoveries to continue to aid negative credit costs leading healthy profitability.
	NII	6,618	7,460	7,571	14.4%	1.5%	
	Total Income	7,612	8,475	8,863	16.4%	4.6%	
	PPoP	5,591	6,317	6,636	18.7%	5.1%	
	PAT	4,697	5,335	5,559	18.4%	4.2%	
	NIM	3.6%	3.7%	3.6%	2bps	-6bps	
	Credit cost (on AUM)	-0.2%	-0.3%	-0.2%	1bps	4bps	
	RoA	2.5%	2.6%	2.6%	5bps	1bps	
AADHAR	AUM (INR bn)	228	265	275	20.7%	3.9%	We expect margins to largely remain steady while credit costs to decline QoQ. Opex ratio is expected to go down sequentially. Overall, a healthy quarter to follow.
	NII	3,874	4,282	4,406	13.7%	2.9%	
	Total Income	4,657	5,194	5,431	16.6%	4.6%	
	PPoP	3,058	3,319	3,485	13.9%	5.0%	
	PAT	2,276	2,373	2,580	13.4%	8.7%	
	NIM	7.0%	6.6%	6.5%	-44bps	-6bps	
	Credit cost (on AUM)	0.2%	0.4%	0.2%	1bps	-16bps	
	RoA	4.4%	4.0%	4.2%	-21bps	19bps	

Source: Company, JM Financial

Exhibit 30. Housing Financiers – Quarterly estimates (continued)

	INR mn	Q2FY25	Q1FY26	Q2FY26E	YoY	QoQ	Comments
APTUS	AUM (INR bn)	97	113	119	23.0%	5.7%	We expect a strong growth of ~5.7% QoQ for Aptus. Margins are expected to improve led by majorly fixed rate loans. We do not expect material increase in its credit costs.
	NII	2,772	3,091	3,343	20.6%	8.2%	
	Total Income	3,076	3,697	3,814	24.0%	3.2%	
	PPoP	2,462	2,961	3,038	23.4%	2.6%	
	PAT	1,820	2,193	2,247	23.5%	2.5%	
	NIM	11.8%	11.2%	11.5%	-29bps	37bps	
	Credit cost (on AUM)	0.4%	0.4%	0.4%	1bps	3bps	
	RoA	7.4%	7.7%	7.5%	13bps	-14bps	
AAVAS	AUM (INR bn)	184	207	215	16.8%	3.6%	We expect AUM growth to pick up during the quarter. Margins are expected to improve sequentially led by non-HL segments i.e. LAP/MSME. Credit costs to be in the guided range of ~20bps.
	NII	3,003	3,251	3,422	14.0%	5.3%	
	Total Income	3,316	3,566	3,751	13.1%	5.2%	
	PPoP	1,948	1,904	2,089	7.2%	9.7%	
	PAT	1,479	1,392	1,544	4.4%	10.9%	
	NIM	6.6%	6.3%	6.5%	-15bps	17bps	
	Credit cost (on AUM)	0.1%	0.2%	0.2%	10bps	-1bps	
	RoA	3.5%	2.9%	3.1%	-34bps	21bps	
HOMEFIRST	AUM (INR bn)	112	135	142	26.6%	5.4%	We expect continued growth in disbursements (+8.5% QoQ) to lead ~5%+ growth in Q2. Margins likely to move up led by increase in LAP mix. Overall, HFFC has been consistent in its performance and we do not expect any spike in credit costs and thus largely steady RoA.
	NII	1,566	1,941	2,108	34.6%	8.6%	
	Total Income	1,987	2,550	2,726	37.2%	6.9%	
	PPoP	1,261	1,682	1,802	42.9%	7.2%	
	PAT	922	1,189	1,269	37.6%	6.7%	
	NIM	5.8%	5.9%	6.1%	32bps	16bps	
	Credit cost (on AUM)	0.2%	0.4%	0.3%	11bps	-4bps	
	RoA	3.4%	3.7%	3.6%	20bps	-5bps	

Source: Company, JM Financial

Exhibit 31. NBFC-MFIs – Quarterly estimates

	INR mn	Q2FY25	Q1FY26	Q2FY26E	YoY	QoQ	Comments
CREDAG	AUM (INR bn)	251	261	261	4.0%	0.3%	CREDAG is expected to report a muted AUM growth of 0.3% QoQ. We expect collection efficiencies to improve in line with industry, credit costs is expected to remain elevated due to accelerated write-offs.
	NII	9,687	9,807	9,907	2.3%	1.0%	
	Total Income	9,693	9,815	9,912	2.3%	1.0%	
	PPoP	6,721	6,530	6,650	-1.1%	1.8%	
	PAT	1,861	602	886	-52.4%	47.1%	
	NIM	15.1%	15.1%	15.2%	12bps	10bps	
	Credit cost (on AUM)	6.5%	8.8%	8.4%	183bps	-43bps	
	RoA	2.7%	0.9%	1.3%	-146bps	41bps	
MUTHOOTM	AUM (INR bn)	125	123	124	-1.1%	1.0%	We expect weak performance to continue on account of its higher exposure to Karnataka (~8% branches in KA). Credit costs to remain elevated similar to Q1; however we expect revision in credit cost guidance from the management against its guidance of 6-7% for FY26E. Growth is likely to remain muted due to implemented guardrails; but diversification into gold loans would be a key to watch.
	NII	3,764	3,089	3,263	-13.3%	5.6%	
	Total Income	4,256	3,493	3,828	-10.0%	9.6%	
	PPoP	2,364	1,311	1,827	-22.7%	39.3%	
	PAT	616	62	216	-64.9%	249.5%	
	NIM	12.2%	10.0%	10.6%	-158bps	56bps	
	Credit cost (on AUM)	5.0%	4.1%	5.0%	-2bps	92bps	
	RoA	2.1%	0.2%	0.8%	-131bps	57bps	
SPANDANA	AUM (INR bn)	105	50	49	-53.9%	-2.0%	We expect losses to continue for Spandana led by de-growth in AUM and higher credit costs on account of industry wide stress and higher exposure to SPANDANA+3 lenders.
	NII	3,915	1,225	1,276	-67.4%	4.1%	
	Total Income	4,148	1,248	1,366	-67.1%	9.5%	
	PPoP	2,197	-566	-106	-104.8%	-81.2%	
	PAT	-2,039	-3,289	-1,920	-5.8%	-41.6%	
	NIM	14.1%	8.3%	10.4%	-368bps	207bps	
	Credit cost (on AUM)	17.7%	26.0%	20.0%	232bps	-599bps	
	RoA	-7.1%	-16.8%	-10.3%	-316bps	651bps	
SATIN	AUM (INR bn)	117	125	127	8.5%	2.0%	With lower exposure to TN and KA, we expect a decent growth of 2% QoQ. Margins are expected to bounce back with growth while we expect credit costs to relatively improve QoQ.
	NII	3,757	3,729	3,843	2.3%	3.1%	
	Total Income	3,914	4,162	4,003	2.3%	-3.8%	
	PPoP	1,990	2,010	1,857	-6.7%	-7.6%	
	PAT	447	451	493	10.4%	9.4%	
	NIM	12.8%	11.8%	12.2%	-64bps	38bps	
	Credit cost (on AUM)	4.7%	4.5%	3.8%	-89bps	-72bps	
	RoA	1.6%	1.6%	1.7%	9bps	14bps	
FUSION	AUM (INR bn)	116	77	78	-32.6%	1.5%	We expect weaker growth for Fusion backed by implementation of MFIN guardrails. Credit cost is likely to go down sequentially given its accelerated write-offs done in previous 2 quarters and lower flow rate observed in 1QFY26.
	NII	4,376	2,730	2,625	-40.0%	-3.8%	
	Total Income	4,764	2,967	3,052	-35.9%	2.9%	
	PPoP	2,838	866	1,116	-60.7%	28.8%	
	PAT	-3,050	-923	148	-104.8%	-116.0%	
	NIM	14.7%	13.1%	13.6%	-117bps	46bps	
	Credit cost (on AUM)	23.4%	8.6%	5.0%	-1837bps	-358bps	
	RoA	-10.3%	-4.7%	0.8%	1106bps	547bps	

Source: Company, JM Financial

Exhibit 32. MSME & Other lenders – Quarterly estimates

	INR mn	Q2FY25	Q1FY26	Q2FY26E	YoY	QoQ	Comments
FIVESTAR	AUM (INR bn)	109	125	128	17.4%	3.0%	Five-Star AUM is expected to grow 3% QoQ (slower on account of shift to higher tickets segment) while we expect credit costs to remain elevated similar to Q1 given the weaker collections from Karnataka book.
	NII	5,161	5,774	6,045	17.1%	4.7%	
	Total Income	5,427	6,039	6,278	15.7%	4.0%	
	PPoP	3,800	4,027	4,246	11.8%	5.4%	
	PAT	2,679	2,663	2,817	5.1%	5.8%	
	NIM	19.4%	19.0%	19.1%	-28bps	15bps	
	Credit cost (on AUM)	0.8%	1.6%	1.6%	74bps	-2bps	
	RoA	8.5%	7.3%	7.5%	-100bps	20bps	
SBFC	AUM (INR bn)	77	94	99	28.5%	6.0%	SBFC have been consistent in its AUM growth with steady state guidance of 5-7% QoQ. In Q2FY26, we expect in-line growth of ~6% QoQ led by gold loans. Expect credit costs to inch up QoQ backed by its earlier revision in guidance by +20bps due to industry wide SME stress.
	NII	1,881	2,298	2,416	28.4%	5.1%	
	Total Income	2,138	2,635	2,754	28.8%	4.5%	
	PPoP	1,291	1,605	1,742	35.0%	8.5%	
	PAT	840	1,009	1,072	27.6%	6.3%	
	NIM	10.1%	10.2%	10.0%	-8bps	-13bps	
	Credit cost (on AUM)	1.0%	1.1%	1.3%	28bps	20bps	
	RoA	4.6%	4.5%	4.6%	-4bps	2bps	
FEDFINA	AUM (INR bn)	142	157	164	15.3%	4.5%	We expect a strong growth for Fedfina led by pick up in gold prices. NIMs are likely to move up led by decline in CoFs. We expect only a slight inch up in credit costs to come from ST LAP book; while overall, margins improvement is expected to lead 2.3% RoA.
	NII	2,649	2,682	2,872	8.4%	7.1%	
	Total Income	3,049	3,024	3,265	7.1%	8.0%	
	PPoP	1,263	1,282	1,380	9.3%	7.7%	
	PAT	646	750	764	18.4%	1.9%	
	NIM	7.7%	6.8%	7.2%	-57bps	35bps	
	Credit cost (on AUM)	1.2%	0.7%	0.9%	-26bps	19bps	
	RoA	2.1%	2.3%	2.3%	16bps	0bps	

Source: Company, JM Financial

Valuation summary of coverage companies

Exhibit 33. Valuation Summary – coverage companies

Name	MCap (USD mn)	EPS CAGR FY25-27E	AUM CAGR FY25-27E	P/B			P/E			RoA (%)			RoE (%)		
				FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Diversified Players															
BAF	70,059	27%	24%	6.4	5.4	4.5	36.6	28.9	22.8	3.9%	4.0%	4.1%	19.4%	20.1%	21.4%
ABFL	8,328	19%	23%	2.6	2.4	2.1	15.3	13.6	10.7	2.3%	2.1%	2.2%	12.5%	12.3%	13.7%
HDB Financial	7,167	21%	13%	3.8	3.0	2.6	27.7	23.4	18.9	2.2%	2.3%	2.4%	14.7%	14.6%	14.7%
LTF	6,751	20%	15%	2.6	2.3	2.1	24.8	21.0	17.2	2.4%	2.4%	2.6%	10.8%	11.7%	13.0%
Poonawalla	4,322	NM	48%	5.0	4.3	4.0	-412.2	85.0	43.9	-0.3%	1.1%	1.5%	-1.2%	5.5%	9.4%
PEL	2,913	66%	24%	0.9	0.9	0.9	52.2	18.5	19.0	0.5%	1.3%	1.1%	1.8%	4.9%	4.6%
Vehicle Financiers															
CIFC	15,097	26%	19%	5.6	4.5	3.6	31.0	25.6	19.6	2.4%	2.4%	2.6%	19.7%	19.6%	20.5%
SHFL	13,029	18%	15%	2.2	1.9	1.7	15.0	13.2	10.8	3.1%	2.9%	3.1%	15.5%	15.4%	16.6%
MMFS	4,444	4%	12%	1.7	1.8	1.6	14.5	14.4	13.3	1.9%	1.9%	1.8%	12.4%	12.9%	12.8%
Housing Financiers (HFCs)															
LIC HF	3,552	3%	9%	0.9	0.8	0.7	5.9	6.0	5.5	1.8%	1.6%	1.6%	16.0%	13.8%	13.2%
PNB HF	2,573	12%	18%	1.4	1.2	1.1	11.9	10.4	9.5	2.5%	2.5%	2.3%	12.2%	12.4%	12.0%
Aadhar	2,534	18%	20%	3.4	2.9	2.5	23.8	20.4	17.0	4.3%	4.2%	4.3%	16.9%	15.4%	15.8%
Aptus	1,784	21%	25%	3.8	3.3	2.8	21.7	17.5	14.8	7.4%	7.4%	7.1%	18.6%	19.9%	20.3%
Aavas	1,425	17%	17%	3.0	2.6	2.3	22.9	20.6	16.8	3.3%	3.2%	3.4%	14.1%	13.6%	14.5%
HomeFirst	1,395	20%	25%	4.5	3.1	2.7	29.6	25.1	20.6	3.5%	3.7%	3.6%	16.5%	15.3%	13.9%
NBFC-MFIs															
Credag	2,517	75%	15%	3.2	3.0	2.5	42.4	28.6	13.9	1.9%	2.7%	4.8%	7.9%	10.8%	19.5%
Muthoot Microfin	314	NM	9%	1.1	1.0	0.9	-12.7	12.4	6.3	-2.0%	2.0%	3.7%	-8.2%	8.3%	14.5%
Spandana Sphoorty	229	NM	19%	0.7	0.9	0.8	-2.0	-4.7	9.6	-9.2%	-5.7%	2.8%	-31.0%	-17.8%	9.3%
Satin Creditcare	183	39%	13%	0.7	0.6	0.5	9.0	6.4	4.6	1.7%	2.2%	2.7%	7.5%	9.7%	12.1%
Fusion Finance	296	NM	2%	1.2	1.2	1.1	-1.6	28.4	13.0	-12.2%	1.3%	2.7%	-54.5%	5.3%	9.0%
MSME/Other lenders															
Five Star	1,717	15%	18%	2.5	2.1	1.8	14.7	13.3	11.2	8.2%	7.6%	7.7%	18.7%	17.2%	17.4%
SBFC	1,330	26%	26%	3.7	3.2	2.8	34.1	26.9	21.4	4.4%	4.6%	4.6%	11.6%	12.8%	14.1%
Fedfina	635	41%	19%	2.3	2.0	1.7	25.7	17.1	12.9	1.8%	2.3%	2.5%	9.4%	12.4%	14.4%

Source: Bloomberg, Company, JM Financial; Note: CMP as of 3 Oct'25

Change in our estimates

Exhibit 34. Change in our EPS estimates for our coverage companies

	EPS								
Company	FY26E, Old	FY26E, New	Change	FY27E, Old	FY27E, New	Change	FY28E, Old	FY28E, New	Change
BAF	34	34	0.2%	43	43	0.7%	54	54	0.7%
ABFL	12	13	1.9%	15	16	4.1%	19	20	3.0%
HDB	33	32	-2.1%	41	40	-2.8%	48	47	-3.2%
LTF	12	12	0.3%	16	15	-4.6%	20	19	-3.0%
POONAWALLA	6	6	1.7%	12	12	0.1%	19	19	-1.1%
PEL	59	61	1.9%	58	59	1.0%	78	79	0.1%
CIFC	61	61	0.2%	79	80	1.2%	95	98	2.4%
SHFL	49	49	-0.6%	60	60	0.0%	70	70	0.0%
MMFS	19	19	1.6%	20	21	2.4%	21	21	3.1%
LIC HF	97	97	0.0%	105	105	0.0%	118	118	0.0%
PNB HF	89	86	-3.6%	98	93	-4.6%	115	112	-3.0%
Aadhar	26	25	-2.8%	30	30	-0.9%	37	37	-0.4%
APTUS	18	19	2.2%	22	22	-1.4%	26	26	-0.5%
AAVAS	81	81	0.0%	99	99	0.0%	120	120	0.0%
HomeFirst	48	50	4.3%	60	61	0.8%	70	73	4.1%
CREDAG	49	49	0.0%	103	102	-1.7%	133	127	-4.2%
MUTHOOT MICROFIN	14	14	0.0%	27	27	0.0%	34	34	0.0%
SPANDANA SPHOORTY	-32	-56	NA	24	27	NA	37	43	NA
SATIN CREDITCARE	24	24	0.0%	33	33	0.0%	40	40	0.0%
FUSION FINANCE	7	7	1.9%	15	15	1.8%	19	20	1.8%
FIVE STAR	41	40	-1.7%	50	48	-4.8%	60	58	-4.5%
SBFC	4	4	0.0%	5	5	0.0%	6	6	0.0%
FedFina	9	9	1.1%	12	12	-2.3%	15	15	-0.7%

Source: Company, JM Financial

APPENDIX I

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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