

NBFCs – Q2FY27 Quarterly Results Preview

Sector View: Positive

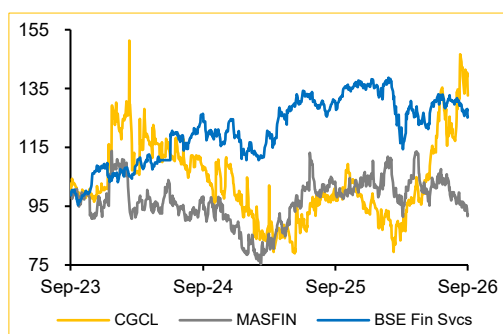
Resilient Credit Demand to Drive NII Growth; Asset Quality and CoF Remain Key Monitorable

Recommendation			
Company (Ticker)	CMP* (INR)	TP (INR)	Rated
Capri Global Capital (CGCL)	248	280	BUY
MAS Financial Services (MASFIN)	283	405	BUY

*CMP as of September 30, 2026

Relative Performance (%)			
YTD	3Y	2Y	1Y
CGCL	23.7	20.1	31.9
MASFIN	(5.0)	(2.6)	(5.6)
BSE Fin Svcs	21.8	(1.1)	(4.4)

Source: BSE, Choice Institutional Equities



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Relative Valuation and Peer Analysis

[MSME Financiers](#)[Gold Loan Financiers](#)

Links to our Previous Reports:

[Click here to read CGCL's Q1FY27 Result Update](#)[Click here to read MASFIN's Q1FY27 Result Update](#)

AUM Growth Momentum for NBFCs is Expected to Remain Strong across Segments in Q2FY27E; Sector Outlook Remains Positive

We maintain a positive outlook on NBFC sector led by resilient credit demand.

Sector View

We anticipate **NBFC credit growth to remain in the range of 15.0–17.0% CAGR over FY26–FY28E**. We believe that NBFCs are expected to gain market share from banks, driven by stronger loan origination, shorter TAT and focus on selected product categories.

We project the **CV segment to underperform the overall credit growth over the short term**, impacted by the ongoing West Asia conflict, with a modest inch-up in NPAs across CV financiers. Although we forecast some stress across **MSMEs**, **segmental credit growth will remain buoyant on account of higher need for working capital loans**.

Gold financiers are anticipated to witness a stronger credit growth led by improved disbursements and higher gold loan demand, while yields and the asset quality are **anticipated to remain stable**. Agri financiers may witness a **softer credit demand on account of weaker southwest monsoon (~13% lower than LTA)**.

Cost of Funds (CoF) for NBFCs is expected to **remain range-bound sequentially**. Despite sharp increase in 10-year G-Sec yields, **funding costs may not increase immediately** given their higher dependency on term loans. In **case of a rate hike in Oct-26 policy, CoF may get impacted with a lag of 3–6 months**.

We estimate overall **credit cost for NBFCs to remain stable** largely on account of **improved underwriting norms**. In light of drought-like conditions across agrarian states, NBFCs may **not observe significant delinquencies given limited exposure**, except for some microfinance lenders.

Capri Global

Gold Loan AUM is anticipated to grow at **102.7% YoY** driven by **rapid expansion of branch network**. Housing Loan AUM and Construction Finance AUM is expected to grow at **40.0% YoY** and **35.1% YoY**, respectively, led by **stronger demand across borrower profile**.

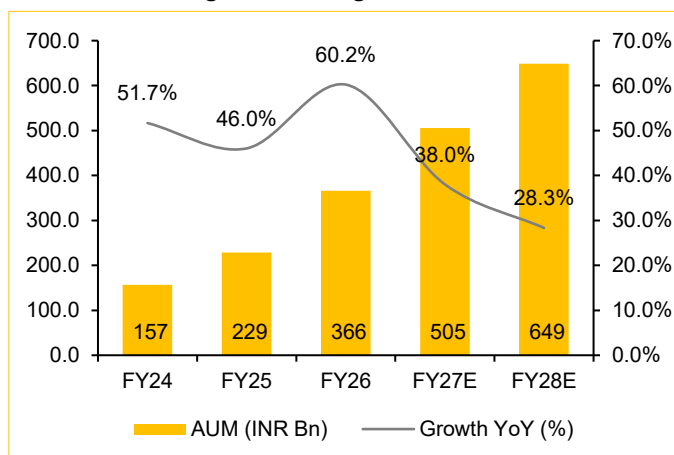
MAS Financial Services

Micro-Enterprise AUM is anticipated to grow at **26.4% YoY**, whereas 2-Wheeler AUM is forecast to increase at **21.4% YoY** on account of **steady demand across rural and urban India**. SME AUM is expected to grow at **24.9% YoY**, led by **higher need for working capital loan**, while CV AUM to grow at **5.5% YoY** led as **the company remains cautious due to West Asia conflict**.

High-conviction Investment Idea

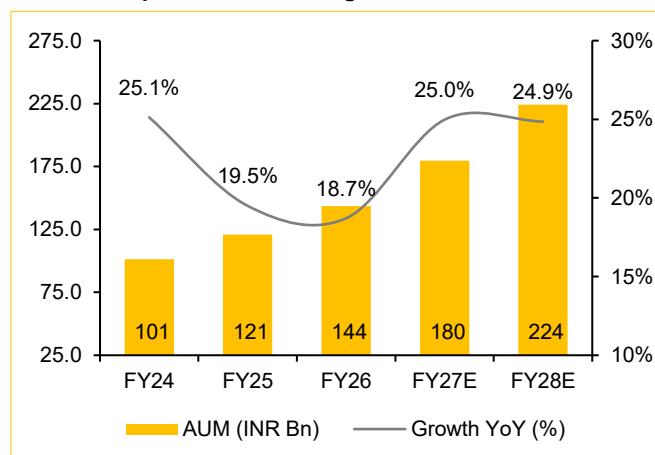
We maintain a positive stance on **Capri Global**, which is expected to **deliver strong AUM growth in Q2FY27E**.

CGCL's AUM Growth is expected to be driven by Gold Loan and Housing Finance Segment



Source: CGCL, Choice Institutional Research

MASFIN's AUM growth is anticipated to be supported by Micro Enterprise and SME Segment



Source: MASFIN, Choice Institutional Research

NBFCs Coverage Universe

Capri Global Capital (CGCL)						
INR Mn	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments
AUM	431,599	270,400	59.6%	401,116	7.6%	▪ We expect overall AUM to grow by 59.6% YoY, driven by stronger growth in Gold and Housing Finance AUM by 102.7% YoY and 40.0% YoY, respectively. NII is expected to grow by 58.4% YoY led by resilient AUM growth. PPOP and PAT is forecasted to increase by 59.8% YoY and 58.8% YoY to INR 5,518 Mn and INR 3,748 Mn, respectively, in Q2FY27E
NII	7,596	4,795	58.4%	7,364	3.1%	
Total Income	10,617	7,180	47.9%	9,947	6.7%	
PPoP	5,518	3,453	59.8%	5,321	3.7%	▪ Key Monitorable: Growth resilience across loan segments, rapid expansion in branch network, incremental CoF and probable deterioration in asset quality
PAT	3,748	2,360	58.8%	3,534	6.1%	

MAS Financial Services (MASFIN)						
INR Mn	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments
AUM	160,734	129,994	23.6%	151,467	6.1%	▪ We anticipate overall AUM to grow by 23.6% YoY, driven by resilient demand across MEL, SME segment and SPL segment. NII is expected to grow by 39.6% YoY, led by stronger AUM growth. PPOP and PAT are forecast to increase by 36.5% YoY and 30.8% YoY to INR 2,147 Mn and INR 1,174 Mn, respectively, in Q2FY27E
NII	2,295	1,645	39.6%	2,338	-1.8%	
Total Income	3,286	2,471	33.0%	3,079	6.7%	
PPoP	2,147	1,574	36.5%	2,007	7.0%	▪ Key Monitorable: Demand across loan segments, incremental CoF and impact of West Asia crisis on asset quality across CV and SME segments
PAT	1,174	897	30.8%	1,046	12.2%	

MSME Focused NBFCs Relative Valuation and Peer Analysis

Company	CMP (INR)	Market Cap. (INR Bn)	P/BV (x)		RoAA		RoAE	
			FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
MAS Financial	283.2	51.4	1.6	1.4	3.3%	3.4%	15.2%	16.5%

MSME Focused Financiers

Five-Star Business Finance*	515.5	152.2	1.8	1.6	6.2%	6.2%	14.0%	14.5%
SBFC Finance*	85.4	94.7	2.2	1.9	4.0%	4.0%	13.1%	13.8%

Company	AUM CAGR FY26–28E	ABVPS CAGR FY26–28E	Branches	AUM/ Branch (INR Mn)	MSME Mix	Secured Book	AUM 30+ DPD
MAS Financial	24.9%	15.0%	209	725	~77%	50%	4.6%

MSME Focused Financiers

Five-Star Business Finance*	21.9%	15.8%	856	160	100%	100%	12.4%
SBFC Finance*	24.2%	14.5%	256	466	78%	100%	NA

Company	Spread Q1FY27	Yield Q1FY27	CoF Q1FY27	Cost-to-Income Ratio	CRAR Q1FY27	Gross NPA Q1FY27	Net NPA Q1FY27
MAS Financial	7.6%	16.9%	9.3%	34.8%	23.3%	2.6%	1.5%

MSME Focused Financiers

Five-Star Business Finance*	13.7%	22.5%	8.8%	36.5%	51.9%	3.5%	2.1%
SBFC Finance*	9.5%	17.9%	8.4%	36.3%	32.0%	2.7%	1.6%

Source: Company, Choice Institutional Research, FactSet
Note: *Not Covered, Data is from FactSet

Gold Loan Focused NBFCs Relative Valuation and Peer Analysis

Company	CMP (INR)	Market Cap. (INR Bn)	P/BV (x)		RoAA		RoAE	
			FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Capri Global	247.6	238.2	2.9	2.4	3.9%	3.8%	19.3%	20.6%
Gold Loan Financiers								
IIFL Finance*	601.5	256.7	1.5	1.3	2.8%	2.9%	15.9%	16.5%
Manappuram Finance*	317.4	298.1	1.7	1.5	2.9%	3.0%	13.6%	14.1%
Muthoot Finance*	2743.6	1101.5	2.4	1.9	5.0%	4.9%	23.4%	21.4%

Company	AUM CAGR FY26–28E	ABVPS CAGR FY26–28E	Branches	AUM/ Branch (INR Mn)	Gold Loan Mix
Capri Global	33.1%	21.0%	1,433	280	48%
Gold Loan Financiers					
IIFL Finance*	22.0%	20.1%	3,049	379	51%
Manappuram Finance*	22.6%	12.7%	5,328	131	82%
Muthoot Finance*	17.6%	23.0%	7,654	250	92%

Company	Spread Q1FY27	Yield Q1FY27	CoF Q1FY27	Cost-to-Income Ratio	CRAR Q1FY27	Gross NPA Q1FY27	Net NPA Q1FY27
Capri Global	7.9%	17.0%	9.1%	46.5%	24.7%	1.1%	0.6%
Gold Loan Financiers							
IIFL Finance*	7.4%	16.5%	9.1%	43.1%	24.3%	1.6%	0.8%
Manappuram Finance*	8.8%	17.7%	8.9%	38.2%	21.3%	1.6%	1.1%
Muthoot Finance*	9.3%	17.9%	8.7%	25.2%	20.3%	2.3%	1.0%

Source: Company, Choice Institutional Research, FactSet
Note: *Not Covered, Data is from FactSet
For Manappuram Finance – KPIs are for standalone business

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Choice Rating Distribution & Methodology	
Large Cap*	
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
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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