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India NBFCs

MFI: Normalisation underway; sustainability key

Disbursement growth led by ATS and nos. of loans; anchored by NBFC MFI

In 3QFY26, consolidation was led by banks; NBFC-MFIs' growth broadly stable

Stress in early buckets normalise; late buckets lag

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India NBFCs

MFI: Normalisation underway; sustainability key

CRIF High Mark recently released its "Microlend" quarterly report on the microfinance industry. The report points consolidation in the sector continues, led primarily by banks in 3QFY26, while NBFC-MFIs demonstrate relative stability and market share gains. Disbursement growth has recovered supported by higher-ticket sizes and improving loan volumes. Asset quality indicators suggest early bucket trends are improving across lenders and states. NBFCs and NBFC-MFIs lead the trend with lowest PAR 30+ at 0.7% and 1.4% for 7–9 MOB. However, sustainability remains key given sustained elevated write-offs, especially in lower-ticket segments.

All in all, we believe the microfinance sector is at an inflection point. The industry has moved from a phase of rapid balance sheet contraction and stress recognition to one of stabilisation with gradual recovery. Growth over FY26–28E is likely to be driven primarily by higher-ticket sizes, selective customer additions and incremental contribution from non-MFI portfolios. Valuations across the sector appear reasonable relative to medium-term returns normalisation potential.

We prefer lenders with lower exposure to multi-lender borrowers, demonstrated credit cost control, diversified portfolios and strong capital positions. We remain constructive on names with visible RoA recovery and sustainable AUM growth, whereas we remain cautious on players whose profitability normalisation is delayed despite growth ambitions. In a nutshell, we believe asset quality has likely bottomed out, disbursement momentum is recovering and NBFC-MFIs are positioned relatively well in the current cycle. While risks around borrower leverage and lower-ticket stress persist, the sector appears to be transitioning to a more stable and disciplined growth phase. Our BUY pecking order: CREDAG, then Muthoot Microfin. We maintain ADD on SATIN and FUSION and stay cautious on SPANDANA with REDUCE rating.

Normalisation underway as consolidation near bottom

Industry gross loan portfolio declined 7% QoQ in 3QFY26, reflecting continued borrower consolidation and lender-led de-risking. The contraction, however, remains disproportionately driven by banks, which reduced exposure aggressively. In contrast, NBFC-MFIs exhibited relative portfolio stability while SFBs and NBFCs reported only modest sequential declines. This divergence suggests a structural repositioning within the lending ecosystem with banks recalibrating exposure and specialised microfinance lenders regaining share. The decline in client base and active loans reinforces our view that the sector remains in a consolidation phase. However, the pace of contraction is moderating, indicating the deleveraging cycle may be approaching its fag end.

Assets quality – Early buckets normalise; late buckets lag

Delinquency trends suggest peak stress is likely behind. Early bucket indicators have improved sequentially and now stand at their lowest levels since FY24. The improvement is broad-based across states and lender categories. Regions that previously exhibited elevated delinquency—particularly in parts of eastern and southern India— have shown meaningful improvement in early-to-mid stage buckets.

Valuation and view

We believe growth will be primarily driven by an increase in ticket size complemented by the addition of new customers. Additionally, we expect further support from incremental growth in the non-MFI book. Meanwhile, improved visibility on asset quality trends and expected recoveries from written-off portfolios should drive credit cost lower. Finally, operating leverage shall aid profitability as growth will resume in our view. **Consequently, we expect an EPS CAGR of ~185% over FY26-28E and average RoA of 3.3% over FY27–28E (versus ~1% average RoA in FY23–25) on the back of a 21% AUM CAGR for our MFI coverage.**

Notably, valuations look benign vis-a-vis potential improvement. Accordingly, we note: **1) Credag (BUY):** Current valuation of 2.0x FY28E BVPS does not capture the RoA improvement from current ~2.1% (9MFY26) to 4.5% average RoA of FY27E/28E. (valuing at 2.3x FY28E BVPS), **2) Muthoot Microfin (BUY):** Current valuation looks cheap for the third-largest player by AUM, which is expected to deliver ~20% AUM CAGR and average RoA of 3.6% over FY26-28E. **3) We assign equal weight to Satin (ADD) and Fusion (ADD)** due to the trade-off between valuation and growth. Prefer Satin due to undemanding current valuation of 0.5x FY28E BVPS despite expected improvement while we expect its AUM to compound 16% over FY26-28E. In case of Fusion, we expect ~28% AUM CAGR over FY26-28E, but a rally of 11%/10% in share price over last three/six months should limit the upside. **4) Spandana:** We expect its AUM to grow the fastest at 32% over 9MFY26–28E, but a delayed return to profitability relative to peers keeps us cautious; maintain **REDUCE** while we continue to monitor improvement trends thereof.

Valuation looks benign vis-a-vis potential improvement

Name	CMP (INR)	MCap (USD mn)	Rating	TP (INR)	Upside/ Downside (%)	EPS CAGR	AUM CAGR	P/B (x)				P/E (x)			
						FY26-28E	FY26-28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Credag	1,294	2,275	BUY	1,530	18%	61%	18%	3.0	2.7	2.3	2.0	38.9	28.7	13.9	11.1
Muthoot Mfin	181	338	BUY	210	16%	72%	20%	1.2	1.1	0.9	0.8	-13.6	16.0	7.1	5.4
Spandana	251	220	REDUCE	215	-14%	NM	43%	0.7	0.9	0.9	0.8	-1.9	-2.9	72.9	5.7
Satin	154	187	ADD	170	11%	43%	16%	0.7	0.6	0.5	0.5	9.1	7.3	4.7	3.6
Fusion	184	327	ADD	200	9%	NM	28%	1.1	1.2	1.1	1.0	-1.5	-110.9	12.4	8.5

Source: Company, Bloomberg, JM Financial, Note: CMP as of 23rd Feb 2026

Focus charts

Exhibit 1: Sequential disbursement growth sustains; meanwhile YoY growth turns positive after five quarters of decline

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Disbursements (INR bn)	1,156	800	687	587	651	520	565	617
QoQ growth	*18.7%*	*-30.8%*	*-14.1%*	*-14.6%*	*10.9%*	*-20.0%*	*8.7%*	*9.2%*
YoY growth	*7.6%*	*0.1%*	*-29.3%*	*-39.8%*	*-43.7%*	*-34.9%*	*-17.7%*	*5.2%*

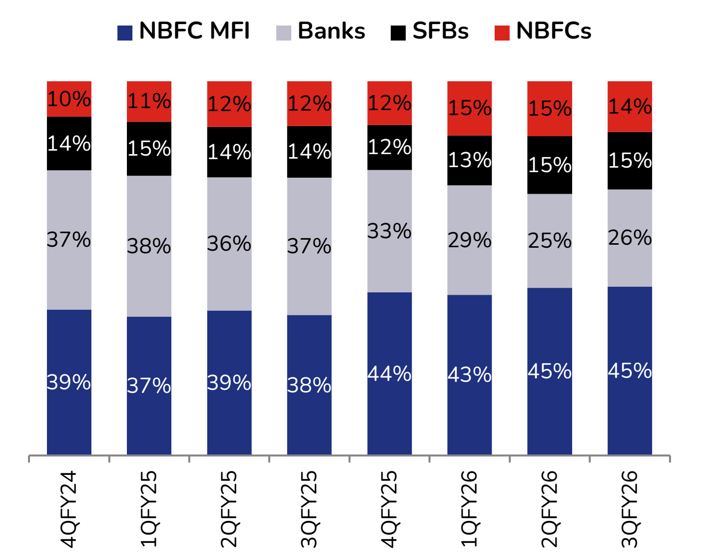
Source: CRIF, JM Financial

Exhibit 2: Disbursement growth by lender category: Turns positive YoY for NBFC-MFIs, SFBs, banks; QoQ, banks lead (13%); NBFC-MFI (10%), SFBs (8%)

Disbursement growth (by value)	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
NBFC MFI	-38.8%	-37.1%	-24.8%	-4.7%	26.5%	-17.2%	28.9%	-21.3%	13.5%	9.9%
Banks	-42.9%	-50.5%	-49.3%	-42.0%	-25.5%	-11.9%	-1.2%	-28.3%	-6.9%	13.1%
SFBs	-41.8%	-52.8%	-40.3%	-6.1%	15.8%	-12.0%	-4.3%	-11.4%	25.8%	8.5%
NBFCs	-25.3%	-30.7%	-12.6%	-0.8%	20.2%	-16.7%	9.0%	-0.9%	10.2%	1.0%

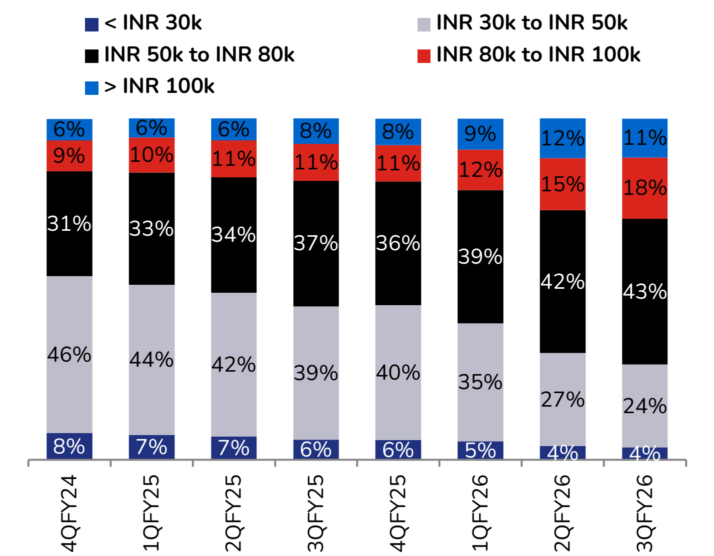
Source: CRIF, JM Financial

Exhibit 3: Disbursement breakdown by lender: NBFC-MFIs gain MS* as banks consolidate MS; in 3Q, banks regain some MS from NBFCs



Source: CRIF, JM Financial, *market share

Exhibit 4: Disbursement breakdown by ticket size: sub-INR 50k continues to consolidate, INR 30-50k dips most, INR 50–80k gains most MS



Source: CRIF, JM Financial, *market share

Exhibit 5: Despite pickup in disbursement in 3Q, AUM continues to decline...

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
GLP (INR bn)	4,427	4,327	4,140	3,915	3,812	3,592	3,456	3,209
QoQ growth	*8.5%*	*-2.3%*	*-4.3%*	*-5.4%*	*-2.6%*	*-5.8%*	*-3.8%*	*-7.1%*
YoY growth	*31.1%*	*21.8%*	*7.6%*	*-4.0%*	*-13.9%*	*-17.0%*	*-16.5%*	*-18.0%*

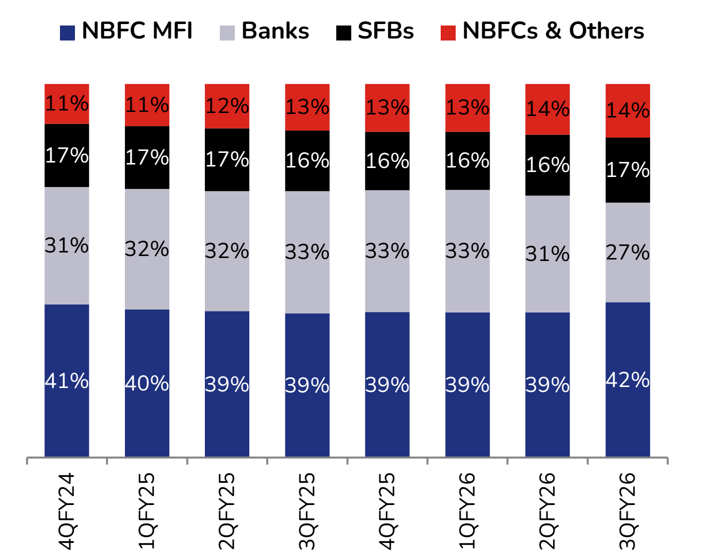
Source: CRIF, JM Financial

Exhibit 6: Sequential GLP moderation lower in NBFC-MFIs, SFBs and NBFCs as sequential disbursement growth has been robust since 2QFY26

GLP growth (by value)	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
NBFC MFI	-4.8%	-18.2%	-18.7%	-17.4%	-11.7%	-6.9%	-1.8%	-6.1%	-3.7%	-0.5%
Banks	-6.1%	-10.5%	-15.7%	-18.6%	-33.2%	-3.8%	-2.8%	-5.3%	-8.1%	-21.0%
SFBs	-10.7%	-19.9%	-22.8%	-18.6%	-12.0%	-8.8%	-5.5%	-6.0%	0.5%	-1.4%
NBFCs	17.4%	0.0%	-5.8%	-8.3%	-9.0%	-0.4%	-3.4%	-3.3%	-1.4%	-1.2%

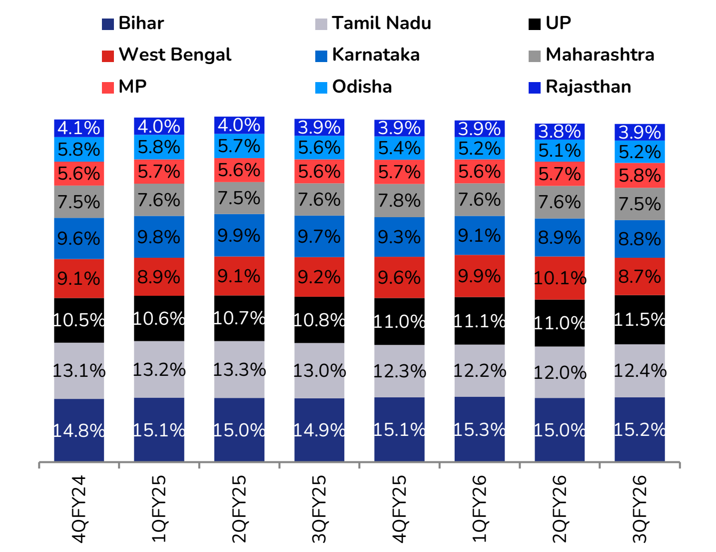
Source: CRIF, JM Financial

Exhibit 7: GLP breakdown by lender (by value QoQ): NBFC-MFIs gain 280bps MS, SFBs follow (+110bps); banks' share consolidates



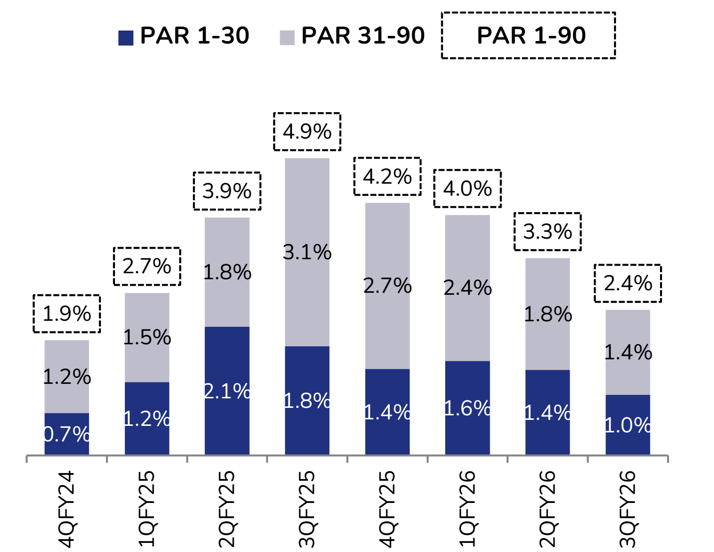
Source: CRIF, JM Financial

Exhibit 8: GLP breakdown by state (by value): Market share dips in 3QFY26 in WB, followed by KA and MH; UP gains most MS



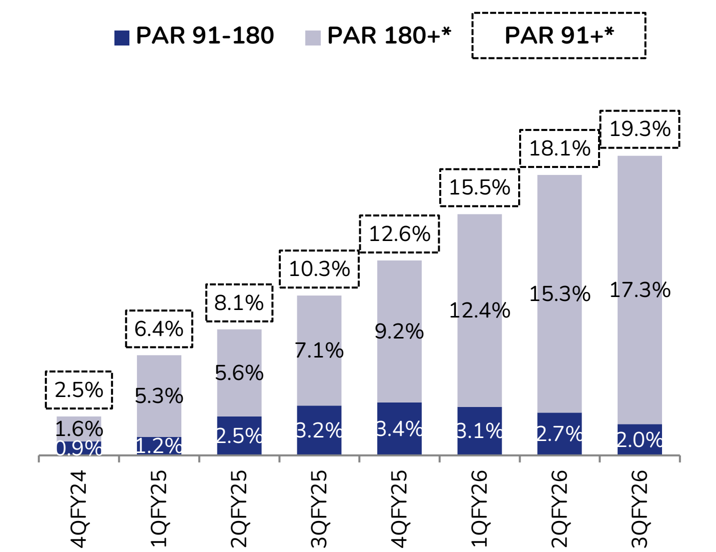
Source: CRIF, JM Financial

Exhibit 9: Early-bucket delinquencies improving, but above 4QFY24 still



Source: CRIF, JM Financial

Exhibit 10: ...PAR 91–180 high at 2%; PAR 180+ up on faster write-offs



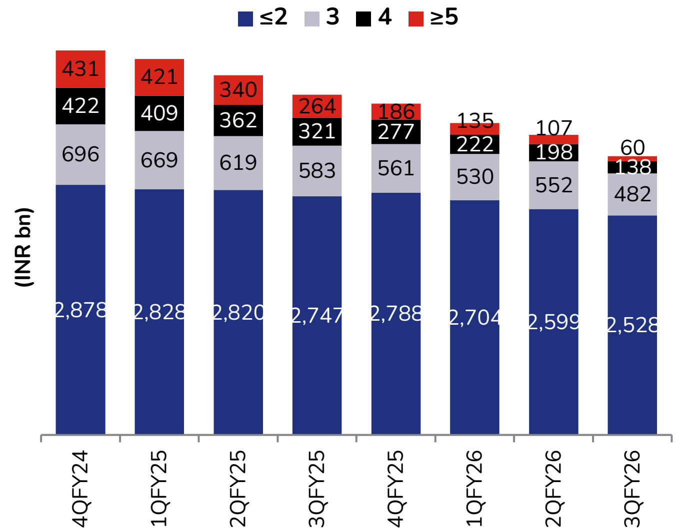
Source: CRIF, JM Financial, *Includes write-offs

Exhibit 11: Early-bucket delinquencies across lender category improving, banks continue to suffer elevated delinquencies

Delinquencies- lender type	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
PAR 1-30								
NBFC- MFI	0.6%	1.2%	2.3%	2.0%	1.4%	1.4%	1.2%	0.8%
Banks	0.6%	1.2%	2.1%	1.9%	1.6%	1.9%	2.0%	1.7%
SFBs	1.0%	1.6%	2.1%	1.9%	1.2%	1.3%	1.1%	0.7%
NBFCs	0.5%	0.8%	1.2%	1.6%	1.4%	1.3%	1.1%	0.8%
PAR 31-90								
NBFC- MFI	1.0%	1.4%	2.5%	3.3%	2.8%	2.6%	1.8%	1.3%
Banks	1.3%	1.4%	2.5%	3.2%	2.7%	2.2%	2.0%	1.7%
SFBs	1.8%	2.3%	3.1%	3.7%	3.3%	2.9%	2.1%	1.5%
NBFCs	0.6%	0.8%	1.4%	1.8%	2.0%	1.7%	1.4%	1.1%
PAR 1-90								
NBFC- MFI	1.6%	2.6%	4.8%	5.3%	4.2%	4.0%	3.0%	2.1%
Banks	1.9%	2.6%	4.6%	5.1%	4.3%	4.1%	4.0%	3.4%
SFBs	2.8%	3.9%	5.2%	5.6%	4.5%	4.2%	3.2%	2.2%
NBFCs	1.1%	1.6%	2.6%	3.4%	3.4%	3.0%	2.5%	1.9%

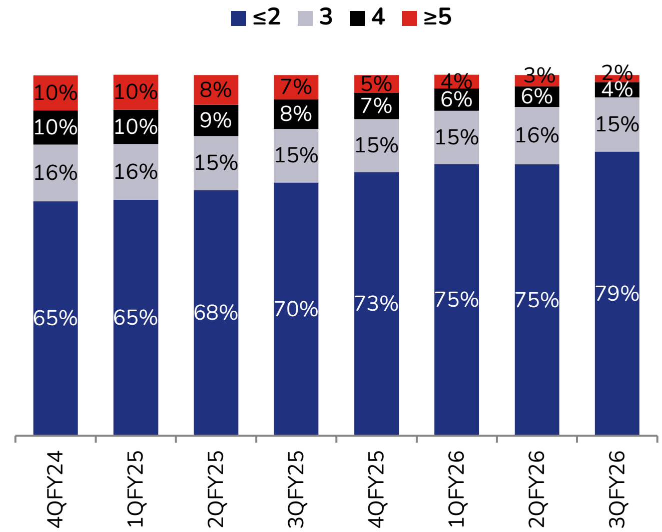
Source: CRIF, JM Financial

Exhibit 12: POS exposure by lender association – exposure declining in more than 3-lender association...



Source: CRIF, JM Financial

Exhibit 13: ...hence, share of more than 3-lender association has declined to 6% from 9% in 2QFY26



Source: CRIF, JM Financial

Exhibit 14: Disbursement growth QoQ and YoY improved in 3QFY26, YoY growth turned positive for MML and Fusion

Disbursements growth	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Credag	-5%	-20%	22%	33%	13%	27%	27%	-16%	-2%	8%
Satin	-3%	0%	6%	0%	14%	8%	9%	-28%	17%	23%
MML	-21%	-32%	-19%	-15%	22%	-24%	-4%	-9%	28%	10%
Fusion	-57%	-61%	-68%	-22%	36%	-30%	-1%	-18%	37%	23%
Spandana	-43%	-91%	-88%	-38%	-18%	-5%	-75%	-23%	234%	27%
Coverage universe (WAVG)	**-22%**	**-38%**	**-24%**	**0%**	**14%**	**1%**	**4%**	**-18%**	**16%**	**15%**

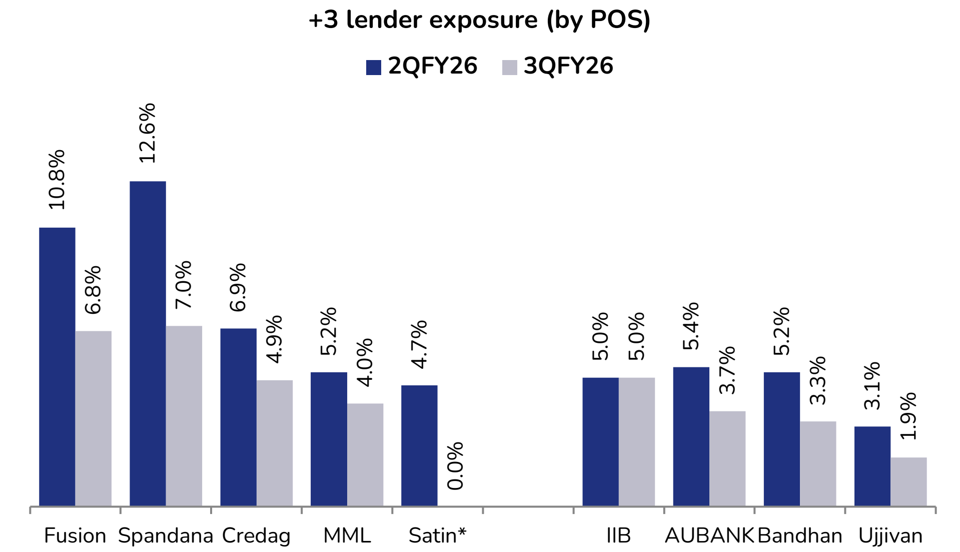
Source: Company, JM Financial

Exhibit 15: YoY AUM growth sustained for Credag, Satin and MML while AUM continues to consolidate in case of Fusion and Spandana in 3QFY26

AUM growth	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Credag	6%	-3%	-1%	3%	7%	-1%	5%	0%	-1%	3%
Satin	10%	8%	7%	8%	10%	3%	5%	-2%	2%	5%
MML	8%	1%	0%	0%	5%	-1%	0%	-1%	2%	4%
Fusion	-1%	-22%	-37%	-39%	-35%	-8%	-15%	-14%	-8%	-2%
Spandana	-14%	-43%	-58%	-61%	-56%	-15%	-24%	-27%	-18%	-3%
Coverage universe (WAVG)	**3%**	**-10%**	**-14%**	**-13%**	**-7%**	**-4%**	**-3%**	**-5%**	**-2%**	**2%**

Source: Company, JM Financial

Exhibit 16: Banks have lower +3 lender exposure than NBFC-MFIs



Source: Company, JM Financial, *Satin exposure based on loan disbursed during FYTD

Exhibit 17: Credit cost has been improving sequentially; RoA thus improved QoQ

	Credit cost % of loans					ROA				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Credag	12.9%	9.8%	9.4%	8.7%	5.6%	-1.5%	0.7%	0.9%	1.8%	3.6%
Satin	9.9%	5.2%	6.6%	6.7%	6.2%	0.5%	0.8%	1.5%	1.7%	2.2%
MML	10.3%	28.7%	5.8%	5.1%	4.6%	0.1%	-14.3%	0.2%	1.1%	2.1%
Fusion	26.8%	13.4%	10.4%	7.2%	5.5%	-27.6%	-7.4%	-4.7%	-1.2%	0.8%
Spandana	31.8%	38.7%	33.3%	23.6%	5.6%	-15.4%	-18.8%	-17.8%	-14.2%	-5.8%
Coverage universe (WAVG)	**16.6%**	**15.9%**	**10.6%**	**8.6%**	**5.5%**	**-6.8%**	**-5.3%**	**-1.9%**	**-0.2%**	**1.9%**

Source: Company, JM Financial

Disbursements sustain; uptick led by NBFC-MFI/ banks, ATS

- **YoY disbursement growth turns positive for first time after five quarters:** Disbursement growth strengthened further in 3QFY26, indicating the industry may be transitioning from a contraction phase to calibrated growth. Disbursement growth improved to 9.2% QoQ/ 5.2% YoY (versus +8.7% QoQ and -18% YoY in 2QFY26). (*Refer to Exhibit 18*:.)

- **Disbursement growth supported by rise in ATS and pickup in number of loans disbursed:** An increase in ticket size (2% QoQ/ 16% YoY in 3QFY26) (Exhibit 20:) continued to support the pickup in disbursement growth. Also, the number of loans disbursed rebounded (up 7% QoQ) after five quarters of sequential decline except 4QFY25 (Exhibit 19:).

- **Bulk of disbursement growth led by NBFC-MFI/banks, notching up market share gains:** Disbursement growth was anchored by mainly NBFC-MFIs, up 10% QoQ/ 27% YoY, resulting in meaningful market share gains. Banks also reported a sequential uptick in disbursements (13% QoQ/down 25% YoY) while SFB growth was modest at 8% QoQ/ 16% YoY. (Refer to Exhibit 21: and Exhibit 23:.)

- **Migration towards higher ATS; market share expands for INR 50-100k segment:** Industry growth continues to migrate toward higher-ticket size segments, with disbursements above INR 50k driving expansion, whereas sub-INR 50k segments remain under pressure (Exhibit 22:). Consequently, INR 50-80k's market share rose to 42.8% from 41.9% in 2QFY26, and that of INR 80-100k's to 17.9% from 15.2% in 2QFY26 (Exhibit 24:).
  - In 3QFY26, SFBs grew the fastest in the INR 100k+ segment (+37% QoQ) while growth for NBFC-MFIs came from ATS of INR 80-100k (+43% QoQ). Banks too logged growth in the INR 50-80k ATS segment (+23% QoQ).

Exhibit 18: Sequential disbursement growth sustains; meanwhile YoY growth turns positive after five quarters of decline

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Disbursements (INR bn)	1,156	800	687	587	651	520	565	617
QoQ growth	*18.7%*	*-30.8%*	*-14.1%*	*-14.6%*	*10.9%*	*-20.0%*	*8.7%*	*9.2%*
YoY growth	*7.6%*	*0.1%*	*-29.3%*	*-39.8%*	*-43.7%*	*-34.9%*	*-17.7%*	*5.2%*

Source: CRIF, JM Financial

Exhibit 19: Disbursement growth driven by sequential uptick in number of loans disbursed…

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Loans disbursed (Nos. in mn)	24.1	16.3	13.7	11.3	12.5	9.6	9.6	10.3
QoQ growth	*17.5%*	*-32.2%*	*-16.2%*	*-17.5%*	*11.0%*	*-23.0%*	*-0.4%*	*6.8%*
YoY growth	*10.4%*	*3.2%*	*-35.9%*	*-44.9%*	*-47.9%*	*-40.9%*	*-29.8%*	*-9.1%*

Source: CRIF, Company

Exhibit 20: …and sustained improvement in ATS; ATS growth improves further 2% QoQ/ 16% YoY

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Disbursement ATS (INR' 000)	48.1	48.8	50.3	52.0	52.0	54.0	58.9	60.2
QoQ growth	*1.1%*	*1.5%*	*3.1%*	*3.4%*	*0.0%*	*3.8%*	*9.1%*	*2.2%*
YoY growth	*11.6%*	*13.2%*	*10.5%*	*9.2%*	*8.1%*	*10.7%*	*17.1%*	*15.8%*

Source: CRIF, Company

Exhibit 21: Disbursement growth by lender category: Turns positive YoY for NBFC-MFIs, SFBs, banks; QoQ, banks lead (13%); NBFC-MFI (10%), SFBs (8%)

Disbursement	YoY growth					QoQ growth				
growth (by value)	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**	**3QFY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**
NBFC MFI	-38.8%	-37.1%	-24.8%	-4.7%	26.5%	-17.2%	28.9%	-21.3%	13.5%	9.9%
Banks	-42.9%	-50.5%	-49.3%	-42.0%	-25.5%	-11.9%	-1.2%	-28.3%	-6.9%	13.1%
SFBs	-41.8%	-52.8%	-40.3%	-6.1%	15.8%	-12.0%	-4.3%	-11.4%	25.8%	8.5%
NBFCs	-25.3%	-30.7%	-12.6%	-0.8%	20.2%	-16.7%	9.0%	-0.9%	10.2%	1.0%

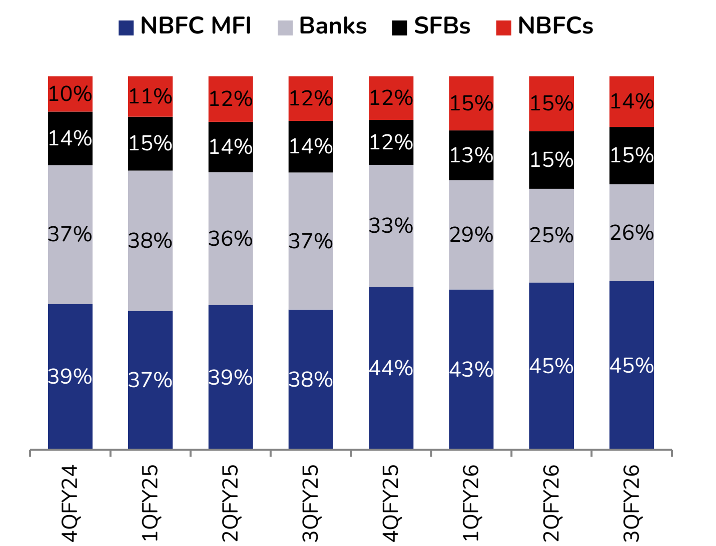
Source: CRIF, JM Financial

Exhibit 22: Disbursement growth led by higher-ticket size segment, continues to dip in sub-INR 50k bucket, robust in INR 50-80k and INR 80-100k

Disbursements growth (by value)	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
< INR 30k	-52.6%	-58.2%	-51.9%	-51.6%	-35.8%	-25.9%	9.0%	-25.5%	-19.5%	-1.8%
INR 30k to INR 50k	-49.8%	-51.7%	-48.8%	-46.8%	-34.6%	-20.8%	12.0%	-29.9%	-14.3%	-2.8%
INR 50k to INR 80k	-27.5%	-33.7%	-22.7%	2.0%	22.3%	-7.0%	9.4%	-13.9%	16.4%	11.5%
INR 80k to INR 100k	-28.5%	-33.8%	-24.8%	14.8%	74.3%	-15.4%	9.8%	-11.1%	38.8%	28.6%
> INR 100k	-22.1%	-30.1%	4.6%	50.5%	59.9%	0.1%	13.8%	-6.5%	41.3%	6.4%

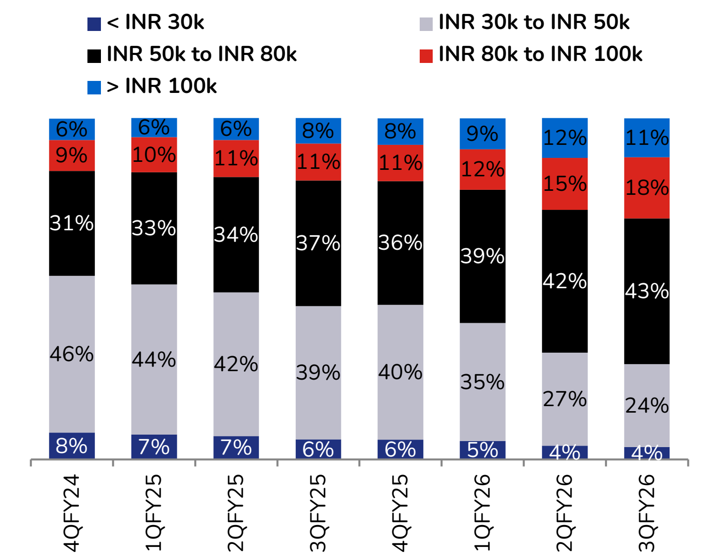
Source: CRIF, JM Financial

Exhibit 23: Disbursement breakdown by lender: NBFC-MFIs gain MS* as banks consolidate MS; in 3Q, banks regain some MS from NBFCs



Source: CRIF, JM Financial, *market share

Exhibit 24: Disbursement breakdown by ticket size: sub-INR 50k continues to consolidate, INR 30-50k dips most, INR 50–80k gains most MS



Source: CRIF, JM Financial, *market share

Industry continues to consolidate led by banks; NBFC-MFIs lead with highest market share in GLP

- **AUM declines further despite pickup in disbursement:** The microfinance industry continues to witness moderation in its overall portfolio; GLP (gross loan portfolio) decreased 7% QoQ/ 18% YoY (Exhibit 25:) as consolidation in client base/active loans continued in 3QFY26. Overall client base/ number of loans fell 5%/ 10% QoQ, reflecting ongoing borrower consolidation (Exhibit 26:).

- **In 3QFY26, consolidation was led by banks; NBFC-MFIs' QoQ growth broadly stable:** Banks led the retrenchment, with portfolio outstanding declining sharply by 21% QoQ versus an 8% decline in the previous quarter (2QFY26). In contrast, NBFC-MFIs' portfolio outstanding remained broadly stable with only a marginal 0.5% sequential decline while SFBs/ NBFCs saw modest contraction of ~1.4%/ 1.2% QoQ (Exhibit 28:). The ongoing adjustment therefore remains concentrated within banks while NBFC-MFIs' portfolio demonstrates bottoming out trends.
  - Thus, NBFC-MFI gained the highest market share in 3QFY26, up 280bps QoQ to 42% versus 39% in 2QFY26, followed by 110bps QoQ gain in market share by SFBs and 80bps QoQ expansion in market share by NBFCs (Exhibit 30:).

- **Consolidation continues across top ten states:** By geography, portfolio contraction was more pronounced in West Bengal (-19% QoQ), Karnataka (-8% QoQ), Maharashtra (-8% QoQ) and Bihar (-6% QoQ). Meanwhile, Uttar Pradesh recorded a relatively moderate decline of 3% QoQ supported by an increase in ticket sizes (Exhibit 29:).

- **Active loans slip across southern and eastern states:** Active loans in Tamil Nadu and Karnataka dropped QoQ by ~9% and ~12%, respectively, while West Bengal and Odisha reported QoQ declines of ~14% and ~9%. Moreover, Bihar also witnessed a 9.4% dip in active loans in 3Q (Exhibit 32:).
  - Importantly, amongst all the states, Tamil Nadu and Kerala have highest exposure per loan at ~INR 33k, followed by Bihar and Karnataka at INR 30-31k each while Odisha has the lowest exposure per loan.

Exhibit 25: Despite pickup in disbursement in 3Q, AUM continues to decline...

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
GLP (INR bn)	4,427	4,327	4,140	3,915	3,812	3,592	3,456	3,209
QoQ growth	*8.5%*	*-2.3%*	*-4.3%*	*-5.4%*	*-2.6%*	*-5.8%*	*-3.8%*	*-7.1%*
YoY growth	*31.1%*	*21.8%*	*7.6%*	*-4.0%*	*-13.9%*	*-17.0%*	*-16.5%*	*-18.0%*

Source: CRIF, JM Financial

Exhibit 26: ...as consolidation continues in client base and loans; loans per borrower, hence, reduced to 1.5 from ~2 in FY24 and 1.9 in 4QFY24

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Borrower base (Nos. in mn)	87	87	86	84	83	80	75	71
QoQ growth	6.1%	0.0%	-1.1%	-2.3%	-1.2%	-3.6%	-6.3%	-5.3%
YoY growth	29.9%	14.5%	8.9%	2.4%	-4.6%	-8.0%	-12.8%	-15.5%
Active loans (Nos. in mn)	161	159	153	146	140	132	124	112
QoQ growth	2.5%	-1.2%	-3.8%	-4.6%	-4.1%	-5.7%	-6.1%	-9.7%
YoY growth	22.9%	9.7%	1.3%	-7.0%	-13.0%	-17.0%	-19.0%	-23.3%
Loans per avg. borrower	1.9	1.8	1.8	1.7	1.7	1.6	1.6	1.5
QoQ growth	-2.3%	-4.1%	-3.2%	-2.9%	-2.4%	-3.4%	-1.2%	-4.1%
YoY growth	-3.3%	-9.9%	-9.2%	-11.9%	-12.0%	-11.4%	-9.5%	-10.7%

Source: CRIF, JM Financial

Exhibit 27: Average balance per account gradually improving since 2QFY26 while balance per borrower continues to decrease

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Average balance per account (INR in 000)	27.8	27.0	26.5	26.2	26.7	26.4	27.0	27.2
QoQ growth	5.1%	-2.9%	-1.9%	-1.3%	1.8%	-0.9%	2.2%	0.7%
YoY growth	7.9%	9.9%	2.1%	-1.2%	-4.3%	-2.3%	1.7%	3.8%
Average balance per borrower (INR in 000)	50.9	49.7	48.1	46.6	46.1	45.0	46.1	45.2
QoQ growth	2.3%	-2.3%	-3.2%	-3.2%	-1.2%	-2.2%	2.4%	-2.0%
YoY growth	0.8%	6.4%	-1.1%	-6.3%	-9.5%	-9.5%	-4.2%	-3.0%

Source: CRIF, JM Financial

Exhibit 28: Sequential GLP moderation lower in NBFC-MFIs, SFBs and NBFCs as sequential disbursement growth has been robust since 2QFY26

GLP growth (by value)	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
NBFC MFI	-4.8%	-18.2%	-18.7%	-17.4%	-11.7%	-6.9%	-1.8%	-6.1%	-3.7%	-0.5%
Banks	-6.1%	-10.5%	-15.7%	-18.6%	-33.2%	-3.8%	-2.8%	-5.3%	-8.1%	-21.0%
SFBs	-10.7%	-19.9%	-22.8%	-18.6%	-12.0%	-8.8%	-5.5%	-6.0%	0.5%	-1.4%
NBFCs	17.4%	0.0%	-5.8%	-8.3%	-9.0%	-0.4%	-3.4%	-3.3%	-1.4%	-1.2%

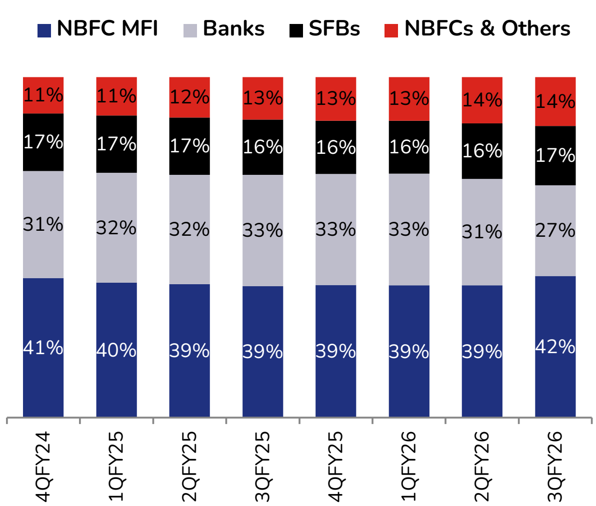
Source: CRIF, JM Financial

Exhibit 29: GLP continue to moderate across top states with WB seeing the largest sequential drop followed by KA and MH

GLP growth (by value)	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Bihar	1.6%	-11.9%	-16.1%	-16.3%	-16.8%	-5.8%	-1.4%	-5.0%	-5.1%	-6.3%
Tamil Nadu	-7.7%	-19.6%	-23.5%	-24.6%	-21.5%	-7.9%	-7.7%	-6.6%	-5.0%	-4.1%
UP	2.4%	-9.7%	-13.7%	-13.8%	-12.6%	-4.7%	-0.9%	-5.0%	-3.8%	-3.4%
West Bengal	1.4%	-8.9%	-7.0%	-7.6%	-22.7%	-3.9%	1.4%	-3.0%	-2.2%	-19.5%
Karnataka	-1.0%	-16.9%	-22.9%	-24.6%	-25.5%	-7.3%	-6.8%	-7.9%	-5.2%	-8.4%
Maharashtra	-2.0%	-11.1%	-16.5%	-15.6%	-18.5%	-4.3%	-0.3%	-7.8%	-4.0%	-7.6%
MP	-5.2%	-12.9%	-17.1%	-15.0%	-14.7%	-6.0%	-0.5%	-6.5%	-3.0%	-5.6%
Odisha	-8.0%	-19.1%	-24.8%	-24.6%	-22.9%	-7.6%	-5.0%	-9.2%	-5.3%	-5.6%
Rajasthan	-11.0%	-17.7%	-20.7%	-20.3%	-19.5%	-7.0%	-3.2%	-7.4%	-4.3%	-6.1%

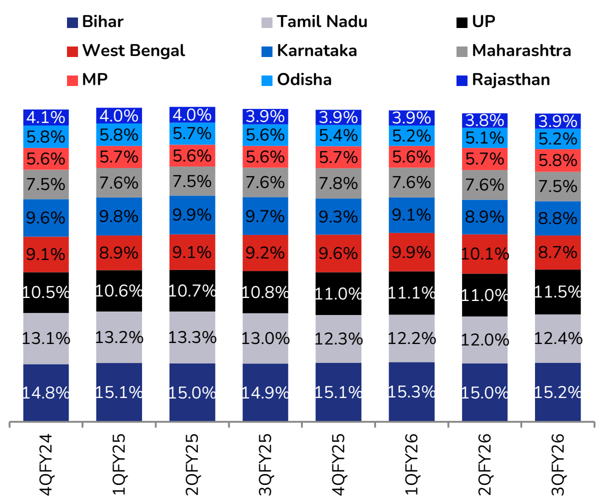
Source: CRIF, JM Financial

Exhibit 30: GLP breakdown by lender (by value QoQ): NBFC-MFIs gain 280bps MS, SFBs follow (+110bps); banks' share consolidates



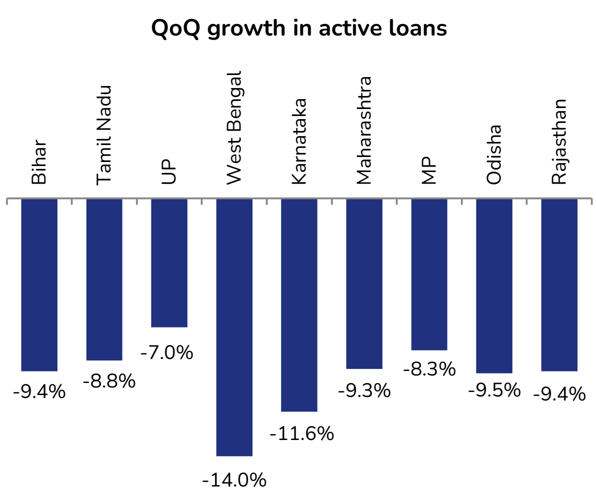
Source: CRIF, JM Financial

Exhibit 31: GLP breakdown by state (by value): Market share dips in 3QFY26 in WB, followed by KA and MH; UP gains most MS



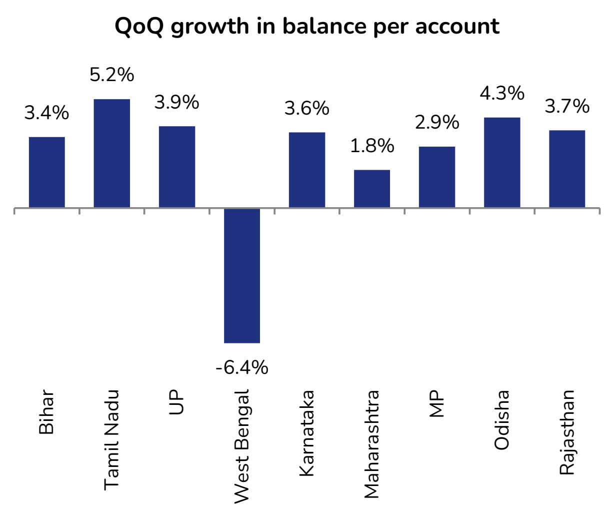
Source: CRIF, JM Financial

Exhibit 32: Active loans continue to decline in 3Q; WB and KA have the highest consolidation in active accounts



Source: CRIF, Company

Exhibit 33: ...as result exposure per account increased in 3QFY26 except WB; WB GLP declined ~20% vs. to 14% decrease in accounts

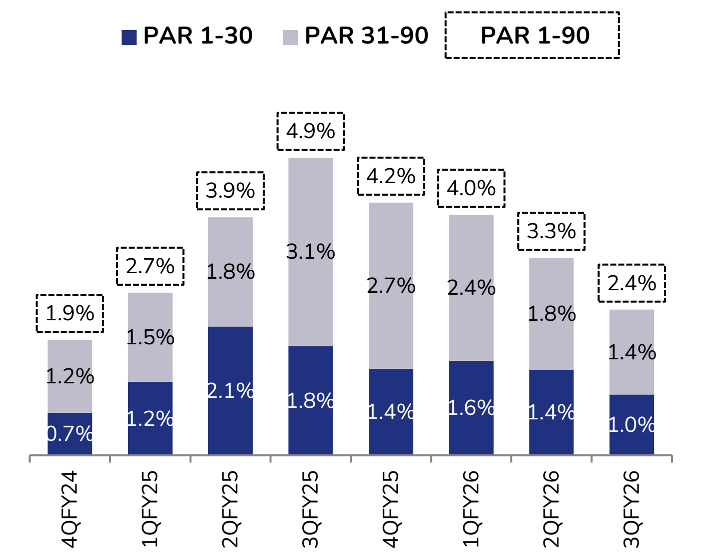


Source: CRIF, Company

Assets quality bottoming out; watch out for sustainability

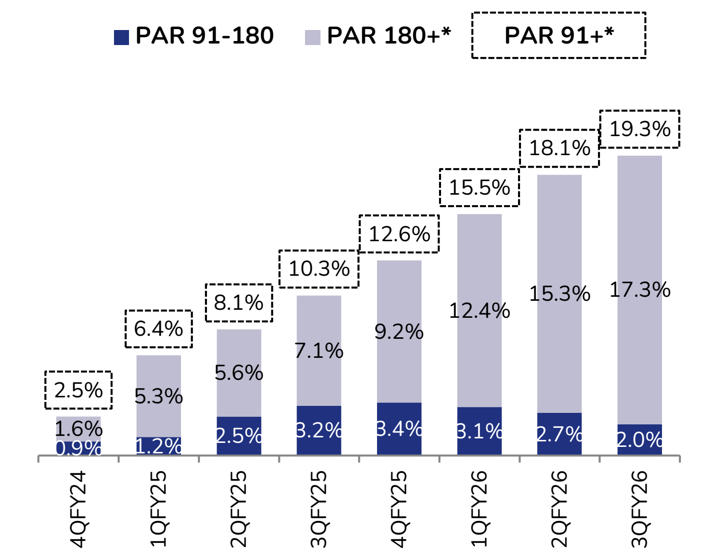
- **Early delinquency trends for overall industry have improved significantly:** PAR 1-30 has declined to ~1% (1.4% in 2Q), lowest since 4QFY24 (Exhibit 34:). Similar trends were observed in the PAR 31-90 and PAR 91-180 buckets (Exhibit 35:). These trends signify that asset quality has normalised, although it remains slightly above FY24 levels.
  - Furthermore, PAR 180+ (mainly due to assets written off) rose further due to accelerated write-offs as lenders clean up legacy stress (Exhibit 35:).
- **NBFC-MFIs lead the pack by asset quality improvement:** Notably, NBFC-MFI stands out in terms of assets quality performance.
  - NBFC-MFIs reported a sharper improvement across delinquency buckets than peers, with PAR 1–30 and PAR 91-180 declining materially by 40bps/ 110bps QoQ and PAR 31–90 at 1.3% (second lowest in peer set). (Refer to Exhibit 36: and Exhibit 37:.)
  - In contrast, banks and SFBs continue to exhibit relatively weak PAR 1-90 delinquency trends at 3.4% and 2.2% each, compared to NBFC-MFI/NBFC (Exhibit 36:).
  - PAR 180+ (write-offs) was highest in banks with 21.7% compared with 17.3% in 2QFY26; SFBs follow with second-highest PAR 180+ at 19.1%. Even in terms of incremental addition to PAR 180+ over a previous quarter, asset quality was largely driven by banks then NBFC-MFI. (Exhibit 37:)
  - Additionally, 7–9 MOB shows improving PAR 30+ across most lenders, except banks. In 7–9 MOB, NBFCs and NBFC-MFIs lead the trend with lowest PAR 30+ at 0.7% and 1.4%, respectively. This reinforces our view that NBFC-MFIs are better positioned in the current recovery phase, supported by tighter underwriting and more focused portfolio management (Exhibit 38:).
- **Early delinquencies improving across ticket sizes:** Even delinquencies across ticket sizes are trending down; however, lower ATS segments continue to carry relatively high stress. PAR 31-90 for ATS of INR 30-50k and INR 50-80k are higher than rest of the ATS at 1.7% and 1.4%, respectively (Exhibit 39:).
  - PAR 180+ (including write-offs) were primarily dominated by sub-INR 50k ATS and continues to trend upward due to accelerated clean-up (Exhibit 40:). This suggests that near-term credit costs may still be influenced by legacy stress in lower ticket segments, even as incremental portfolio formation improves.
- **Encouragingly, asset quality improved across top 10 states:** PAR 31-180 saw broad-based improvement, with Karnataka witnessing a sharp decline from 7.4% in 2QFY26 to 3.8% in 3QFY26, followed by Odisha, Tamil Nadu and Bihar. (Exhibit 41:)
  - Kerala, Odisha, and Tamil Nadu have lowest PAR 31-180 at ~2.7%, 2.8% and 2.9% each in 3QFY26 compared to states, while Maharashtra remains relatively elevated at 4% (Exhibit 41:). The improvement across geographies suggests that stress is no longer concentrated in specific pockets but is normalising system wide.
- **Customer leverage needs monitoring despite improvement:** POS exposure to >3 lenders has declined sequentially, indicating moderation in overleveraging post-MFI guardrails. However, it remains elevated at 6.2% (8.8% in 2QFY26) (Exhibit 43:).
  - For >4 lender exposure, PAR 31-180 is +13% (Exhibit 43: and Exhibit 44:), reflects overleveraging burden continues to put pressure on asset quality irrespective of ATS/lender/state exposure. This warrants a strict monitoring of assets quality; hence we argue growth in the microfinance industry must be kept close tabs on with respect of a risk-calibrated approach towards customer exposure with multiple lender exposure/number-of-loan exposure.
  - Even POS exposure to <2 lenders have 3.4% PAR 31-180 and for POS with 3 lenders exposure PAR 31-180 was at 7.5% (Exhibit 44:).
  - Moreover, borrowers with +3 lenders declined across top ten states, with the highest drop seen in Rajasthan followed by Kerala, Bihar, Odisha and West Bengal.

Exhibit 34: Early-bucket delinquencies improving, but above 4QFY24 still



Source: CRIF, JM Financial

Exhibit 35: ...PAR 91–180 high at 2%; PAR 180+ up on faster write-offs



Source: CRIF, JM Financial, *Includes write-offs

Exhibit 36: Early-bucket delinquencies across lender category improving, banks continue to suffer elevated delinquencies

Delinquencies- lender type	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
PAR 1-30								
NBFC- MFI	0.6%	1.2%	2.3%	2.0%	1.4%	1.4%	1.2%	0.8%
Banks	0.6%	1.2%	2.1%	1.9%	1.6%	1.9%	2.0%	1.7%
SFBs	1.0%	1.6%	2.1%	1.9%	1.2%	1.3%	1.1%	0.7%
NBFCs	0.5%	0.8%	1.2%	1.6%	1.4%	1.3%	1.1%	0.8%
PAR 31-90								
NBFC- MFI	1.0%	1.4%	2.5%	3.3%	2.8%	2.6%	1.8%	1.3%
Banks	1.3%	1.4%	2.5%	3.2%	2.7%	2.2%	2.0%	1.7%
SFBs	1.8%	2.3%	3.1%	3.7%	3.3%	2.9%	2.1%	1.5%
NBFCs	0.6%	0.8%	1.4%	1.8%	2.0%	1.7%	1.4%	1.1%
PAR 1-90								
NBFC- MFI	1.6%	2.6%	4.8%	5.3%	4.2%	4.0%	3.0%	2.1%
Banks	1.9%	2.6%	4.6%	5.1%	4.3%	4.1%	4.0%	3.4%
SFBs	2.8%	3.9%	5.2%	5.6%	4.5%	4.2%	3.2%	2.2%
NBFCs	1.1%	1.6%	2.6%	3.4%	3.4%	3.0%	2.5%	1.9%

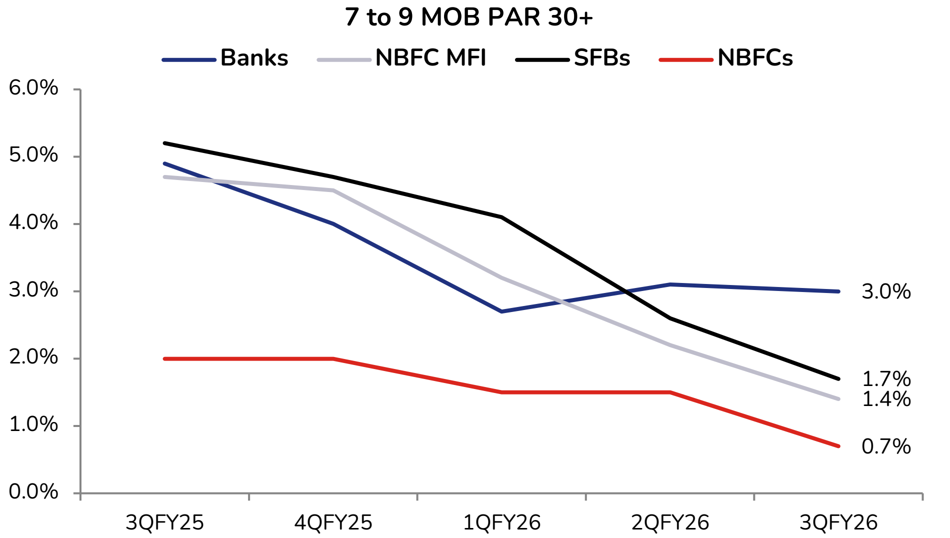
Source: CRIF, JM Financial

Exhibit 37: PAR 91–180 improves across lender category – Meaningful improvement seen in NBFC-MFIs and SFBs; banks' 91–180 elevated

Delinquencies- lender type	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
PAR 91-180								
NBFC- MFI	1.0%	1.1%	1.8%	3.4%	3.8%	3.4%	3.0%	1.9%
Banks	0.8%	1.2%	1.8%	3.5%	3.5%	3.1%	2.8%	2.6%
SFBs	1.1%	1.4%	2.3%	3.5%	3.8%	3.4%	2.9%	2.0%
NBFCs	0.6%	0.6%	1.1%	1.7%	1.8%	2.0%	1.8%	1.3%
PAR 180+*								
NBFC- MFI	1.5%	4.4%	4.8%	6.6%	8.8%	11.5%	13.6%	15.1%
Banks	1.5%	6.5%	6.5%	7.9%	10.0%	13.9%	17.3%	21.7%
SFBs	1.8%	6.5%	6.7%	7.9%	10.8%	14.7%	17.9%	19.1%
NBFCs	1.0%	2.7%	3.3%	4.6%	5.0%	7.0%	8.6%	9.7%
PAR 91+*								
NBFC- MFI	2.5%	5.5%	6.6%	10.0%	12.6%	14.9%	16.6%	17.0%
Banks	2.3%	7.7%	8.3%	11.4%	13.5%	17.0%	20.1%	24.3%
SFBs	2.9%	7.9%	9.0%	11.4%	14.6%	18.1%	20.8%	21.1%
NBFCs	1.6%	3.3%	4.4%	6.3%	6.8%	9.0%	10.4%	11.0%

Source: CRIF, JM Financial, *includes write-offs

Exhibit 38: PAR 30+ on 7–9 MOB declines further, except for banks



Source: CRIF, JM Financial

Exhibit 39: Early-bucket delinquencies improve across ticket sizes; PAR 31–90 is relatively high in INR 30–50k ticket size

Delinquencies- by ticket size	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
PAR 1-30								
< INR 30k	0.7%	1.2%	2.1%	1.5%	1.2%	1.1%	1.1%	0.9%
INR 30k to INR 50k	0.8%	1.4%	2.5%	2.2%	1.6%	1.7%	1.4%	1.0%
INR 50k to INR 80k	0.6%	1.3%	1.9%	1.7%	1.3%	1.5%	1.3%	1.0%
INR 80k to INR 100k	0.8%	1.0%	1.4%	1.4%	1.3%	1.4%	1.4%	1.2%
> INR 100k	0.8%	1.3%	1.4%	1.4%	1.7%	1.7%	2.0%	1.2%
PAR 31-90								
< INR 30k	1.3%	1.3%	2.4%	2.8%	2.1%	2.1%	1.3%	1.0%
INR 30k to INR 50k	1.3%	1.7%	3.0%	3.9%	3.3%	2.9%	2.2%	1.7%
INR 50k to INR 80k	1.2%	1.3%	2.1%	2.8%	2.6%	2.3%	1.8%	1.4%
INR 80k to INR 100k	1.0%	1.2%	1.6%	2.1%	2.2%	1.8%	1.4%	1.1%
> INR 100k	0.8%	0.9%	1.3%	1.6%	1.6%	1.5%	1.3%	1.1%
PAR 1-90								
< INR 30k	2.0%	2.5%	4.5%	4.3%	3.3%	3.2%	2.4%	1.9%
INR 30k to INR 50k	2.1%	3.1%	5.5%	6.1%	4.9%	4.6%	3.6%	2.7%
INR 50k to INR 80k	1.8%	2.6%	4.0%	4.5%	3.9%	3.8%	3.1%	2.4%
INR 80k to INR 100k	1.8%	2.2%	3.0%	3.5%	3.5%	3.2%	2.8%	2.3%
> INR 100k	1.6%	2.2%	2.7%	3.0%	3.3%	3.2%	3.3%	2.2%

Source: CRIF, JM Financial

Exhibit 40: PAR 91–180 improves, stays elevated in sub-INR 50k ticket size vs. > INR 80k; PAR 180+ jumps in sub-INR -50k, high across ticket sizes

Delinquencies- by ticket size	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
PAR 91-180								
< INR 30k	1.2%	1.4%	2.1%	3.5%	3.3%	2.5%	2.5%	1.7%
INR 30k to INR 50k	1.1%	1.4%	2.3%	4.2%	4.6%	4.0%	3.6%	2.6%
INR 50k to INR 80k	0.7%	0.9%	1.5%	2.7%	3.0%	2.9%	2.7%	1.9%
INR 80k to INR 100k	0.7%	0.8%	1.2%	1.7%	2.1%	2.2%	1.7%	1.1%
> INR 100k	0.5%	0.6%	0.9%	1.2%	1.3%	1.5%	1.3%	1.1%
PAR 180+*								
< INR 30k	2.8%	14.2%	13.7%	16.7%	20.5%	25.4%	30.0%	33.5%
INR 30k to INR 50k	1.5%	4.8%	5.6%	8.2%	11.8%	17.0%	22.4%	26.7%
INR 50k to INR 80k	1.4%	4.1%	4.2%	5.4%	6.8%	9.5%	11.8%	12.9%
INR 80k to INR 100k	1.4%	4.1%	4.2%	4.7%	5.2%	6.8%	8.2%	8.1%
> INR 100k	0.3%	6.2%	5.6%	4.2%	2.2%	3.0%	3.8%	4.9%
PAR 91+*								
< INR 30k	4.0%	15.6%	15.8%	20.2%	23.8%	27.9%	32.5%	35.2%
INR 30k to INR 50k	2.6%	6.2%	7.9%	12.4%	16.4%	21.0%	26.0%	29.3%
INR 50k to INR 80k	2.1%	5.0%	5.7%	8.1%	9.8%	12.4%	14.5%	14.8%
INR 80k to INR 100k	2.1%	4.9%	5.4%	6.4%	7.3%	9.0%	9.9%	9.2%
> INR 100k	0.8%	6.8%	6.5%	5.4%	3.5%	4.5%	5.1%	6.0%

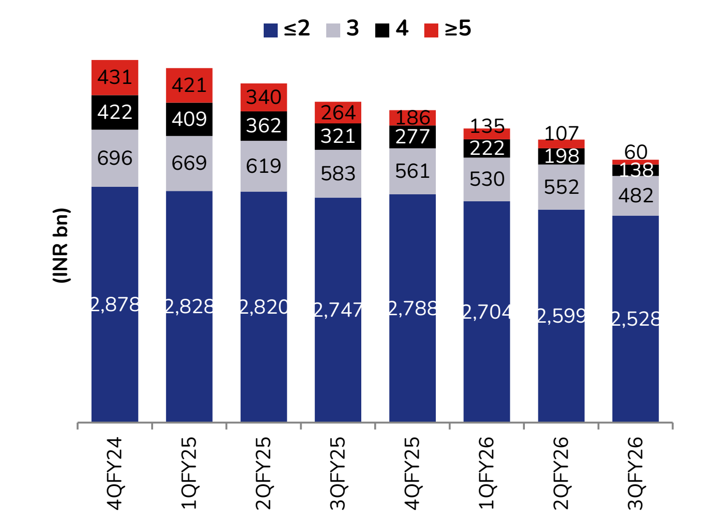
Source: CRIF, JM Financial, *includes write-offs

Exhibit 41: PAR 31–180 by state improves led by KA, OD and TN; PAR 31–180, however, remains elevated compared with prior-4QFY24 level

PAR 31-180 (State-wise)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Bihar	1.2%	1.7%	4.0%	8.2%	7.2%	5.3%	4.8%	3.6%
Tamil Nadu	2.1%	2.9%	4.4%	6.0%	6.6%	5.5%	4.3%	2.9%
UP	2.2%	2.8%	5.5%	8.5%	6.8%	5.3%	4.7%	3.6%
West Bengal	1.3%	1.4%	2.1%	3.3%	3.2%	3.3%	3.2%	3.1%
Karnataka	0.8%	1.1%	2.1%	4.5%	10.2%	12.5%	7.4%	3.8%
Maharashtra	2.1%	2.5%	4.1%	5.3%	4.1%	3.9%	4.7%	4.0%
MP	3.3%	3.8%	5.7%	7.0%	5.6%	5.1%	4.9%	3.8%
Odisha	2.0%	2.7%	6.0%	9.7%	8.5%	6.0%	4.5%	2.8%
Rajasthan	3.6%	4.3%	6.2%	7.4%	5.9%	5.2%	4.7%	3.8%

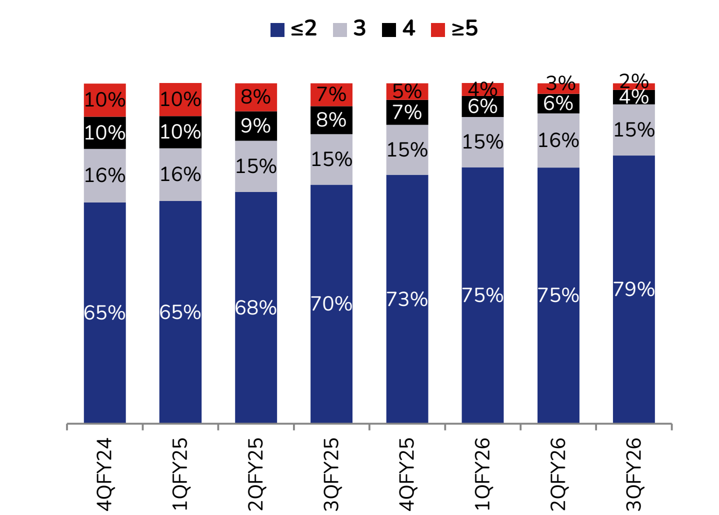
Source: CRIF, JM Financial

Exhibit 42: POS exposure by lender association – exposure declining in more than 3-lender association...



Source: CRIF, JM Financial

Exhibit 43: ...hence, share of more than 3-lender association has declined to 6% from 9% in 2QFY26



Source: CRIF, JM Financial

Exhibit 44: PAR 31–180 improving, but elevated across lender association with ≥3 lender exposure has more than 7% PAR 31-180

PAR 31-180 (by lender association)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
≤2	2.2%	2.6%	4.0%	5.5%	5.4%	4.9%	4.2%	3.4%
3	4.8%	5.4%	8.0%	11.4%	11.6%	10.9%	8.9%	7.5%
4	6.9%	8.0%	12.1%	17.8%	19.0%	19.3%	16.3%	13.9%
≥5	11.3%	13.8%	22.0%	32.3%	35.3%	33.4%	24.2%	18.6%

Source: CRIF, JM Financial

Recovery of our coverage universe ahead of industry

- **Growth led by rise in ticket size as consolidation in client base continues:** Though industry AUM declined sequentially, NBFC-MFI AUM stayed flat; **our coverage companies grew 2.5% QoQ after six quarters of decline.** However, Spandana and Fusion continue to follow industry trend with their AUM declining QoQ by 3% and 2%, respectively (Exhibit 46:).

- **Though growth has recovered, total client base has consolidated across our coverage** with largest consolidation seen by Spandana (-17% QoQ) and Fusion (-9% QoQ); it was lowest for Muthoot Microfin (-1% QoQ), followed by Credag (-1% QoQ) and Satin (-2% QoQ) (Exhibit 49:).
  - Consequently, Credag gained market share of 80bps QoQ to 19.9%, followed by 50bps QoQ expansion at Muthoot Microfin and 40bps QoQ at Satin (Exhibit 47: and Exhibit 48:).

- **Assets quality trends improving; sustainability needs monitoring:** Assets quality trends for our coverage were even better than the industry. POS exposure to +3 lenders for industry stands ~21% versus < 10% for our coverage companies (Exhibit 43: and Exhibit 51:).
  - Muthoot Microfin has lowest POS exposure to +3 lenders at ~4% followed by 4.9%/6.8% for Credag/Fusion. Interestingly, borrower exposure to ≥3 lenders for Satin is zero (Exhibit 51:).
  - Early delinquency indicators have improved with collection efficiency on the rise. Stage 3 declined by 20–25bps QoQ each for Muthoot Microfin, Satin and Fusion while Credag managed a relatively sedate sequential rise of ~40bps. Spandana stage 3 declined by ~235bps QoQ to ~2.6%, lowest in our coverage (Exhibit 52:).
  - We believe the fall in Spandana stage 3 was driven by accelerated write-offs, ~5% of AUM compared with ~4%/2%/1% for Credag/ Fusion/ Muthoot Microfin (Exhibit 53:).

Exhibit 45: Disbursement growth QoQ and YoY improved in 3QFY26, YoY growth turned positive for MML and Fusion

Disbursements growth	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Credag	-5%	-20%	22%	33%	13%	27%	27%	-16%	-2%	8%
Satin	-3%	0%	6%	0%	14%	8%	9%	-28%	17%	23%
MML	-21%	-32%	-19%	-15%	22%	-24%	-4%	-9%	28%	10%
Fusion	-57%	-61%	-68%	-22%	36%	-30%	-1%	-18%	37%	23%
Spandana	-43%	-91%	-88%	-38%	-18%	-5%	-75%	-23%	234%	27%
Coverage universe (WAVG)	**-22%**	**-38%**	**-24%**	**0%**	**14%**	**1%**	**4%**	**-18%**	**16%**	**15%**

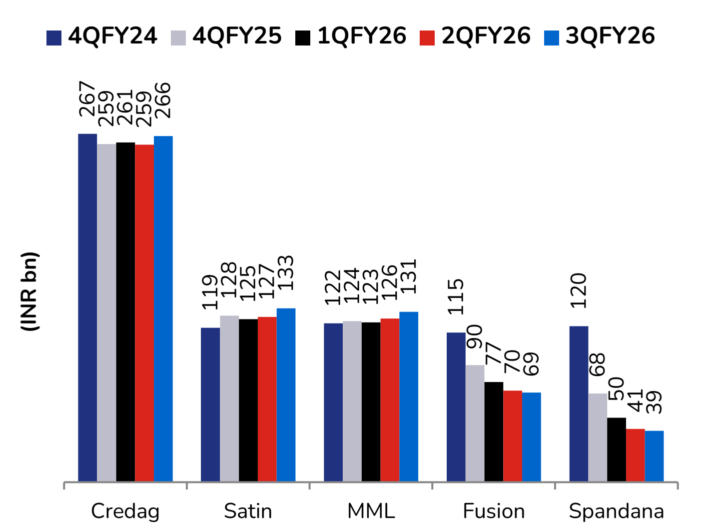
Source: Company, JM Financial

Exhibit 46: YoY AUM growth sustained for Credag, Satin and MML while AUM continues to consolidate in case of Fusion and Spandana in 3QFY26

AUM growth	YoY growth					QoQ growth				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Credag	6%	-3%	-1%	3%	7%	-1%	5%	0%	-1%	3%
Satin	10%	8%	7%	8%	10%	3%	5%	-2%	2%	5%
MML	8%	1%	0%	0%	5%	-1%	0%	-1%	2%	4%
Fusion	-1%	-22%	-37%	-39%	-35%	-8%	-15%	-14%	-8%	-2%
Spandana	-14%	-43%	-58%	-61%	-56%	-15%	-24%	-27%	-18%	-3%
Coverage universe (WAVG)	**3%**	**-10%**	**-14%**	**-13%**	**-7%**	**-4%**	**-3%**	**-5%**	**-2%**	**2%**

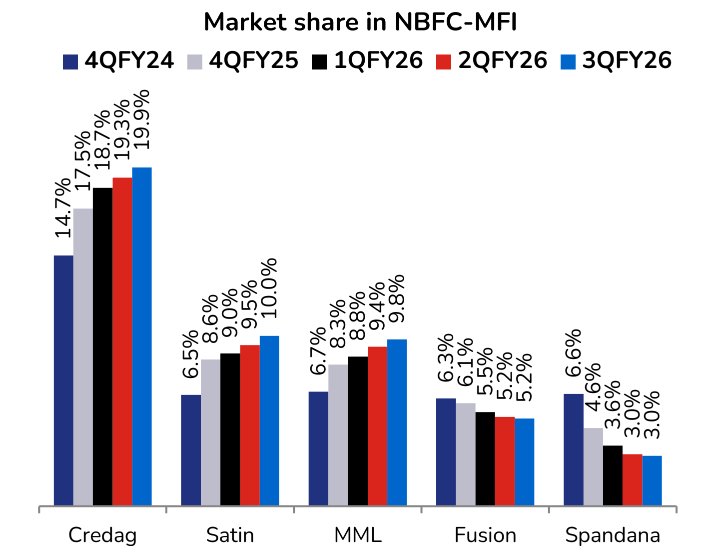
Source: Company, JM Financial

Exhibit 47: AUM size – Credag, Satin and MML AUM rose over FY25…



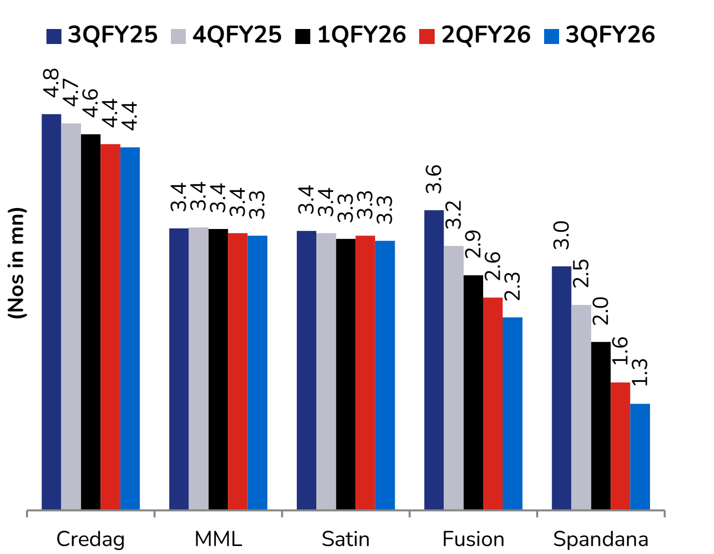
Source: Company, JM Financial

Exhibit 48: … hence, they continue to gain market share



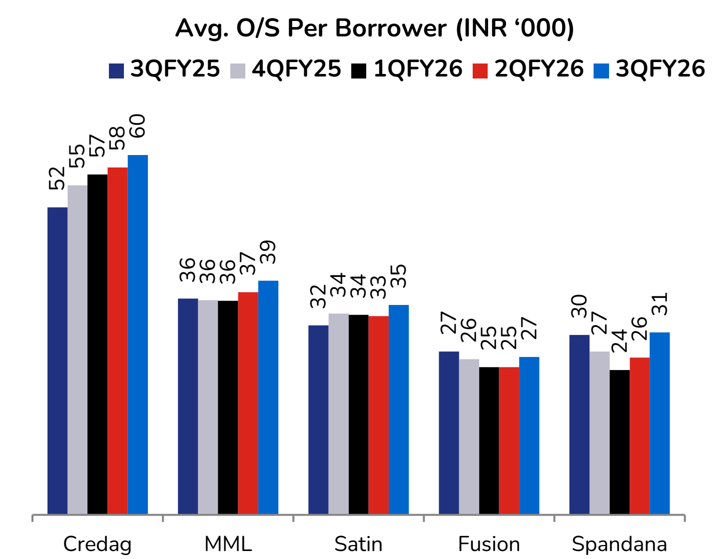
Source: Company, JM Financial

Exhibit 49: Client base has declined significantly in Spandana and Fusion; it's relatively stable for Satin, Muthoot Microfin (MML)



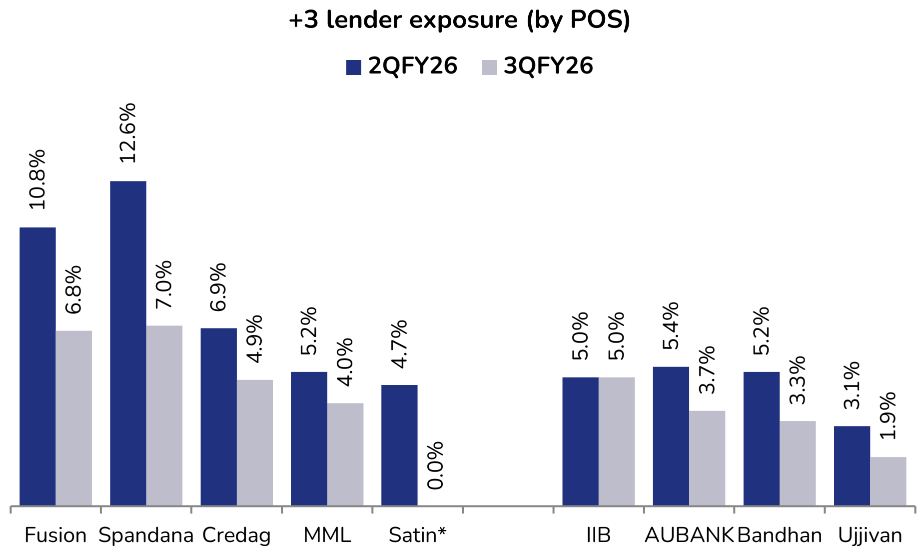
Source: Company, JM Financial

Exhibit 50: Decline in client and QoQ pickup in AUM growth led to increase in balance per borrower in 3QFY26



Source: Company, JM Financial

Exhibit 51: Banks have lower +3 lender exposure than NBFC-MFIs



Source: Company, JM Financial, *Satin exposure based on loan disbursed during FYTD

Exhibit 52: Assets quality indicators – GS 3 improved, but remains elevated at +3%, except for Spandana in 3QFY26

	Gross stage 3 assets					Net slippages % of loans				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Credag	4.0%	4.8%	4.7%	3.7%	4.0%	12.8%	13.2%	11.1%	6.7%	6.4%
Satin	3.9%	3.7%	3.7%	3.5%	3.3%	NA	NA	NA	NA	NA
MML	3.0%	4.8%	4.8%	4.6%	4.4%	11.0%	20.9%	12.1%	3.5%	5.3%
Fusion	12.6%	7.9%	5.4%	4.6%	4.4%	16.9%	18.8%	12.3%	9.7%	9.3%
Spandana	4.9%	4.9%	4.9%	5.0%	2.6%	26.7%	37.6%	38.0%	29.2%	7.6%
Coverage universe (WAVG)	**6.1%**	**4.9%**	**5.5%**	**4.7%**	**4.7%**	**11.1%**	**13.2%**	**9.8%**	**6.0%**	**4.5%**

Source: Company, JM Financial

Exhibit 53: Write-offs % of loans reducing but elevated – MML write-offs increase QoQ; ECL coverage reduces significantly for Spandana in 3Q

	Write-offs % of loans					ECL / EAD				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Credag	6.4%	8.9%	11.5%	11.4%	4.2%	5.1%	5.1%	4.6%	4.0%	4.3%
Satin	NA	NA	NA	NA	NA	NA	3.2%	NA	NA	NA
MML	10.1%	14.3%	12.8%	3.6%	5.4%	2.7%	6.1%	4.7%	4.9%	4.5%
Fusion	7.1%	46.4%	26.8%	15.2%	11.5%	16.4%	10.9%	8.2%	7.0%	5.9%
Spandana	30.3%	45.4%	44.3%	32.0%	17.2%	8.5%	9.2%	8.5%	6.7%	3.8%
Coverage universe (WAVG)	**8.0%**	**14.7%**	**12.1%**	**8.5%**	**4.4%**	**7.2%**	**5.6%**	**5.5%**	**4.8%**	**4.5%**

Source: Company, JM Financial

Exhibit 54: Credit cost has been improving sequentially; RoA thus improved QoQ

	Credit cost % of loans					ROA				
	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Credag	12.9%	9.8%	9.4%	8.7%	5.6%	-1.5%	0.7%	0.9%	1.8%	3.6%
Satin	9.9%	5.2%	6.6%	6.7%	6.2%	0.5%	0.8%	1.5%	1.7%	2.2%
MML	10.3%	28.7%	5.8%	5.1%	4.6%	0.1%	-14.3%	0.2%	1.1%	2.1%
Fusion	26.8%	13.4%	10.4%	7.2%	5.5%	-27.6%	-7.4%	-4.7%	-1.2%	0.8%
Spandana	31.8%	38.7%	33.3%	23.6%	5.6%	-15.4%	-18.8%	-17.8%	-14.2%	-5.8%
Coverage universe (WAVG)	**16.6%**	**15.9%**	**10.6%**	**8.6%**	**5.5%**	**-6.8%**	**-5.3%**	**-1.9%**	**-0.2%**	**1.9%**

Source: Company, JM Financial

Exhibit 55: Over 1/3/6 months, Fusion has outperformed peers, limiting upside potential; in last 1Y, Credag/Muthoot posted best-in-class returns*

	Absolute return				Relative return to Nifty 50			
	1 month return	3-month return	6-month return	1 year return	1 month return	3-month return	6-month return	1 year return
Credag	-7.1%	-7.1%	-7.5%	49.4%	-9.7%	-6.1%	-10.9%	36.6%
Muthoot Mfin	1.0%	0.1%	13.6%	34.3%	-1.6%	1.0%	10.2%	21.5%
Spandana	5.4%	-5.4%	1.0%	-7.7%	2.8%	-4.5%	-2.4%	-20.5%
Satin	1.2%	2.6%	9.4%	3.4%	-1.4%	3.6%	6.0%	-9.4%
Fusion	4.1%	10.7%	10.1%	15.7%	1.4%	11.6%	6.7%	2.9%

Source: Bloomberg, JM Financial, Note: return calculated based on CMP as of 23rd Feb 2026 * both absolute and relative

Exhibit 56: Relative valuation summary – We expect Credag to deliver best-in-class RoA/RoE followed by Muthoot Microfin…

Name	CMP (INR)	MCap (USD mn)	Rating	TP (INR)	Upside / Downside (%)	EPS CAGR	AUM CAGR	RoA (%)				RoE (%)			
						FY26-28E	FY26-28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Credag	1,294	2,275	BUY	1,530	18%	61%	18%	1.9%	2.5%	4.6%	4.9%	7.9%	10.0%	18.2%	19.2%
Muthoot Mfin	181	338	BUY	210	16%	72%	20%	-2.0%	1.7%	3.3%	3.8%	-8.2%	7.0%	14.1%	15.9%
Spandana	251	220	REDUCE	215	-14%	NM	43%	-9.2%	-9.8%	0.4%	4.4%	-31.0%	-28.6%	1.3%	14.9%
Satin	154	187	ADD	170	11%	43%	16%	1.7%	1.9%	2.5%	2.8%	7.5%	8.8%	12.3%	14.0%
Fusion	184	327	ADD	200	9%	NM	28%	-12.2%	-0.3%	2.9%	3.7%	-54.5%	-1.3%	9.4%	12.3%

Source: Company, Bloomberg, JM Financial, Note: CMP as of 23rd Feb 2026

Exhibit 57: …valuation though looks benign vis-a-vis potential improvement

Name	CMP (INR)	MCap (USD mn)	Rating	TP (INR)	Upside / Downside (%)	EPS CAGR	AUM CAGR	P/B (x)				P/E (x)			
						FY26-28E	FY26-28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Credag	1,294	2,275	BUY	1,530	18%	61%	18%	3.0	2.7	2.3	2.0	38.9	28.7	13.9	11.1
Muthoot Mfin	181	338	BUY	210	16%	72%	20%	1.2	1.1	0.9	0.8	-13.6	16.0	7.1	5.4
Spandana	251	220	REDUCE	215	-14%	NM	43%	0.7	0.9	0.9	0.8	-1.9	-2.9	72.9	5.7
Satin	154	187	ADD	170	11%	43%	16%	0.7	0.6	0.5	0.5	9.1	7.3	4.7	3.6
Fusion	184	327	ADD	200	9%	NM	28%	1.1	1.2	1.1	1.0	-1.5	-110.9	12.4	8.5

Source: Company, Bloomberg, JM Financial, Note: CMP as of 23rd Feb 2026

APPENDIX I

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Rating	**Meaning**
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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.

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