Financials - NBFCs

Valuation matrix

Val summary	Rating	CMP (INR)
MSME		
Five-Star	Buy	550
Housing Finance		
LIC HF	Neutral	572
PNB HF	Buy	1,140
Bajaj Housing	Neutral	84
Aavas	Neutral	1,286
HomeFirst	Buy	1,205
CanFin	Neutral	758
Repco	Neutral	355
Vehicle Finance		
Cholamandalam	Buy	1,770
MMFS	Buy	349
Shriram Finance	Buy	1,007
Indostar	Buy	228
Gold Finance		
Muthoot	Neutral	2,854
Manappuram	Neutral	320
Diversified		
BAF	Buy	1,040
Poonawalla	Buy	478
ABCL	Buy	402
LTFH	Buy	311
Piramal Finance	Buy	2,235
MAS Financial	Buy	285
IIFL Finance	Buy	632
HDB Financial	Neutral	671
Jio Financial	Buy	232
Northern Arc	Buy	313
Tata Capital	Neutral	350
Microfinance		
CreditAccess	Buy	1,350
Fusion Finance	Buy	184
Spandana Sphoorty	Neutral	232
Power Financiers		
PFC	Buy	347
REC	Buy	312

Potential structural headwind to fee income for insurance-heavy NBFCs

Fee-income impact for NBFCs will hinge on final commission framework

- IRDAI's Sep'26 consultation paper on "Recalibrating Economics of Insurance Distribution" is not merely an Expenses of Management (EOM)/commission-cap exercise but is instead an attempt to structurally reset the economics of insurance distribution. The impact could be particularly significant for NBFCs that have built a high-margin insurance distribution business around group credit life insurance, which is sold alongside loans.
- From the perspective of NBFCs, which have a corporate agency license and consequently report insurance distribution income, the consultation paper focuses on five major changes: 1) Hard caps on insurance commissions, replacing the relatively flexible commission regime introduced in 2023; 2) Sharp reduction in commissions on loan-linked insurance, particularly group credit life; 3) Lower commission caps for open-architecture distributors, which directly affects banks/NBFCs operating as corporate agents/IDEs; 4) Prohibition of compulsory insurance bundling with loans, although customer-beneficial package offers remain permitted; and 5) Digital/direct distribution infrastructure through Bima Sugam and Public Insurance Registry (PIR), which could structurally reduce the dependence on physical/intermediated distribution.
- IRDAI explicitly noted that if a lending institution wants to protect its own loan portfolio against adverse events affecting borrowers, it can take a group policy itself and pay the premium as an expense of the institution. This is different from selling insurance to the borrower and earning a large distribution commission.
- **End of mandatory loan-linked insurance:** In addition to the commission caps, IRDAI proposes to prohibit compulsory bundling of insurance with products/services of banks and NBFCs registered as IDEs. However, IRDAI does not propose to eliminate the loan + insurance product altogether. IRDAI proposes to permit customer-beneficial package offers. NBFCs could offer loans + insurance at a lower rate compared to loans without insurance. However, IRDAI has proposed three critical conditions: 1) Customer must know the interest rate with and without insurance, 2) Customer cannot be forced to buy insurance from that NBFC, and 3) Insurance premium must be paid separately and directly by the customer, rather than being funded out of the loan.
- **More differentiated commission framework:** Commissions would be determined based on product complexity, effort involved, line of business and distribution channel, replacing the relatively uniform approach currently prevalent. The framework could also allow higher remuneration for distribution in underserved markets, including rural areas, small towns and smaller cities, thereby incentivizing distribution where customer access is limited.
- **Bank/NBFC employee incentives could change materially:** The proposal would prohibit volume-linked or reward-linked incentives for employees of banks and NBFCs involved in insurance distribution. This could require lenders to rethink the current incentive structures used across branches and sales channels to

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drive insurance penetration, potentially impacting the pace of cross-selling and the economics of insurance distribution.

- **Potential pressure on NBFC insurance fee income:** The combination of differentiated commission caps, restrictions on employee incentives and the proposed separation of insurance from mandatory loan approval could put pressure on insurance-led fee income for NBFCs. The impact, however, is likely to vary materially across lenders depending on the proportion of fee income derived from insurance, the mix of credit-linked products, current commission rates and the extent to which insurance penetration is driven by branch-level incentives.

Our view

- For NBFCs, there could be three headwinds: 1) ~42-45% current effective payout declining to the proposed ~2% for single-premium group pure term sold by lending entity; 2) Compulsory insurance bundling with a loan to be prohibited; and 3) Insurance premium must move directly from customer to insurer rather than being routed/funded through the lending process.
- The historical economics of NBFC insurance distribution appear unlikely to persist if the proposed caps are implemented substantially as drafted. Diversification of NBFC distribution income will become very important. The ability to distribute other financial/non-financial products could potentially provide a meaningful offset. These proposals, if implemented, will not merely result in a commission-rate compression but will also likely impact insurance attachment itself.
- This is still a public consultation paper, not final regulation. The final commission ceilings, implementation mechanics and transition provisions could change following the consultation. The paper invites comments until 25th Oct'26. However, if the proposals were to be implemented in their current form, then this could be a potential structural headwind to fee income/RoA for insurance-heavy NBFCs, rather than simply a regulatory-compliance change.
- In Exhibit 4, where we have highlighted the contribution of insurance distribution income to PBT and as % of the average assets for the MOFSL NBFC coverage universe. NBFCs like LTF, CIFC, HomeFirst and MMFS have a higher contribution of insurance distribution income to their earnings and would therefore be relatively more vulnerable than other peers.

Group Credit Life: IRDAI proposes a significant recalibration of NBFC distribution payouts

- The consultation paper highlights the current model of the Group Credit Life sold by NBFCs having a corporate agency license. An NBFC originates a loan, offers a Group Credit Life, the customer buys at loan origination and the NBFC earns on insurance distribution remuneration. The current economics are detailed by IRDAI in the consultation paper.
- IRDAI's own data identifies ~42% effective payout for the NBFC corporate-agency channel and ~45% for Group Credit Life, while the proposed framework puts 2% first-year commission on single-premium Group Pure Term sold by a lending/distribution entity. *(Refer Exhibit 1).*

Exhibit 1: NBFC corporate agency channel growth and effective payouts

Parameter	Current situation cited by IRDAI
NBFC corporate agency channel growth	~3x since FY23
Effective payout	~42% of new business premium
Share of NBFC business comprising single-premium Group Credit Life	~93%
Effective Group Credit Life payout	~45%

Source: MOFSL, Company

IRDAI in its consultation paper has proposed maximum commission for Life Insurance packaged with Loan/Credit by a lending institution.

Exhibit 2: Maximum commission for Life Insurance packaged with Loan/Credit by a lending institution.

Product	Proposed first-year commission	Renewal
Individual Pure Term – multi-year	**2.5%**	**1.0%**
Group Pure Term – single premium	**2.0%**	NA
Group Pure Term – multi-year	**2.5%**	**1.0%**

Source: MOFSL, Company

- This is important for NBFCs because Group Credit Life is predominantly single premium. A current effective pay out of ~45% on Group Credit Life could, under the proposed framework, move towards a 2% ceiling for a single-premium group pure-term product sold by the lending/distribution entity. Theoretically, this could mean a ~95% reduction in the commission rate.
- We do not believe that NBFC insurance income will fall by ~95% because we believe that to make credit life insurance viable, the product structures will change, insurers/NBFCs will redesign products, the final regulations could change after consultation and there could be other permitted remuneration structures, subject to the proposed all-inclusive definition of commission.

General Insurance: Proposed Commission Capping

IRDAI has also capped General Insurance linked to NBFC loans. The reforms are not just linked to Credit Life but instead affects the broader loan-linked insurance monetisation model.

The proposed limits for insurance packaged with loan/credit are:

Exhibit 3: Maximum commission for General/Motor/Health Insurance packaged with loan by a lending institution

Product	Proposed maximum
Motor TP	Nil
Motor OD/PA/LL	5%
Health – first time	5%
Health – renewal	2.5%
Property – single premium	2.5%
Property – multi-year	5%

Source: MOFSL, Company

- IRDAI explicitly proposes that single-premium products should have lower commissions. It also wants life insurance distribution incentives to encourage policyholders to continue multi-year payment plans rather than maximising first-year premium. This has direct impact on NBFC Group Credit Life and Hospicash products which are sold along with the loans.
- IRDAI has also proposed that commission should include all forms of remuneration, including direct commissions, incentives, awards, reimbursement of selling expenses, related-party brand payments, gifts, foreign/domestic trips and other non-cash incentives. This could potentially make it much harder for both insurers and distributors to circumvent the commission cap by moving economics into another bucket.
- IRDAI proposes to prohibit volume-linked or reward-linked incentives for bank and NBFC staff selling insurance. The impact would likely be greater for institutions where insurance sales targets are deeply embedded into branch/loan-officer incentives.
- IRDAI also proposes to make direct customer-insurer contact mandatory. Before policy issuance, there should be a direct and verified connection between customer and insurer, irrespective of the distribution channel. Potential mechanisms include, OTP verification, Aadhaar-based face authentication, customer/mobile verification and deduplication. This will reduce opaque bundled insurance sales. IRDAI also proposes that the insurance premium should move directly from the customer to the insurer. The customer should pay using, bank account, UPI and debit/credit card. This could reduce NBFC's ability to operationally combine the loan disbursement, insurance premium financing and insurance commission into one seamless transaction.
- IRDAI has also proposed annual cost audit for IDEs with insurance-related commission income >INR1b.

Exhibit 4: Contribution of insurance distribution commission for MOFSL NBFC coverage

Name of the Company	% of PBT		% of avg. assets	
	FY25	FY26	FY25	FY26
Shriram finance	3.2	2.6	0.1	0.1
Bajaj Finance (Insurance and other distribution income)	10.6	12.9	0.6	0.6
CIFC	15.6	15.5	0.5	0.5
MMFSL	6.7	12.7	0.2	0.3
IIFL Finance	15.2	9.8	0.3	0.3
L&T Finance	24.8	25.8	0.8	0.8
Poonawalla Fincorp	2.7	6.7	0.1	0.3
Piramal Finance (Fee and commission income)	27.8	18.9	0.5	0.4
MAS Financial (Fee and commission income)	20.0	22.0	0.8	0.9
CREDAG (Insurance and other distribution income)	14.3	13.0	0.4	0.4
Bajaj Housing (Insurance and other distribution income)	5.2	6.4	0.2	0.2
MGFL (Insurance and other distribution income)	4.2	3.1	0.1	0.1
CANF (Insurance and other income)	0.8	0.9	0.0	0.0
Five Star	1.4	2.1	0.1	0.2
LIC HF (Other charges)	0.3	0.5	0.0	0.0
AAVAS	5.1	4.2	0.2	0.2
Fusion MF	-	4.1	-	0.2
PNBHF	9.3	8.5	0.3	0.3
HomeFirst Finance	6.6	9.9	0.3	0.5
Repco	0.9	1.7	0.0	0.1
Northern Arc (Others)	3.9	2.5	0.1	0.1
AB Capital (Fee and commission income)	15.6	17.3	0.3	0.3
HDB Financial (Fee and commission income)	0.4	0.4	1.2	1.2
Muthoot Finance (Fee and commission income)	1.6	1.5	0.1	0.1
Tata Capital (fee and commission income)	15.3	12.0	0.4	0.3

Note: Contribution is calculated % of PPOP in case of Poonawalla, Piramal and Fusion; Source: MOFSL, Company

Exhibit 5: Detailed breakup from fee, commission and insurance distribution income of MOFSL NBFC coverage

Particulars	Fees and commission income (INR m)			% of PBT			% of average assets		
Fees and Commission Income	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
Shriram Finance	**4,574**	**6,819**	**4,906**	**4.7**	**6.2**	**3.7**	**0.2**	**0.3**	**0.2**
Income from life insurance commission	1,249	1,410	1,273	1.3	1.3	1.0	0.1	0.1	0.0
Income from general insurance commission	1,578	2,055	2,164	1.6	1.9	1.6	0.1	0.1	0.1
Income from loan related and other commission services	1,746	3,354	1,468	1.8	3.1	1.1	0.1	0.1	0.0
Insurance commission				**2.9**	**3.2**	**2.6**	**0.1**	**0.1**	**0.1**
Bajaj Finance	**52,672**	**59,828**	**77,544**	**27.3**	**27.1**	**30.0**	**1.6**	**1.4**	**1.5**
Service and administration charges	17,728	21,348	27,579	9.2	9.7	10.7	0.5	0.5	0.5
Fees on value added services and products	6,532	8,820	8,243	3.4	4.0	3.2	0.2	0.2	0.2
Foreclosure income	4,396	5,106	7,302	2.3	2.3	2.8	0.1	0.1	0.1
Distribution income	22,991	23,331	33,236	11.9	10.6	12.9	0.7	0.6	0.6
Brokerage income	1,025	1,223	1,184	0.5	0.6	0.5	0.0	0.0	0.0
Cholamandalam	**10,466**	**16,665**	**20,535**	**22.8**	**29.0**	**29.5**	**0.8**	**0.9**	**0.9**
Loans	6,672	7,711	9,672	14.6	13.4	13.9	0.5	0.4	0.4
Insurance Agency	3,794	8,952	10,760	8.3	15.6	15.5	0.3	0.5	0.5
Others	0	1	103	0.0	0.0	0.1	0.0	0.0	0.0
Insurance Commission				**8.3**	**15.6**	**15.5**	**0.3**	**0.5**	**0.5**
MMFSL	**1,747**	**5,106**	**8,544**	**7.4**	**16.2**	**22.5**	**0.2**	**0.4**	**0.6**
Service charges and other fee income	1,558	2,801	3,389	6.6	8.9	8.9	0.1	0.2	0.2
Income from LI commission		1,499	3,150		4.8	8.3	-	0.1	0.2
Income from GI commission		613	1,672		1.9	4.4	-	0.0	0.1
Fees, commission/brokerage received from MF/ others	72	68	67	0.3	0.2	0.2	0.0	0.0	0.0
Collection fees related to transferred assets	118	125	267	0.5	0.4	0.7	0.0	0.0	0.0
Insurance Commission				**-**	**6.7**	**12.7**	**-**	**0.2**	**0.3**

Note: Contribution is calculated % of PPOP in case of Poonawalla, Piramal and Fusion; Source: MOFSL, Company

Particulars	Fees and commission income (INR m)			% of PBT			% of average assets		
Fees and Commission Income	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**
IIFL Finance	**4,107**	**4,856**	**4,981**	**16.0**	**37.5**	**20.7**	**0.7**	**0.7**	**0.6**
Admin fees and other charges	2,485	2,884	2,609	9.7	22.3	10.8	0.4	0.4	0.3
Insurance Commission	1,626	1,972	2,372	6.3	15.2	9.8	0.3	0.3	0.3
Insurance Commission				**6.3**	**15.2**	**9.8**	**0.3**	**0.3**	**0.3**
L&T Finance	**6,625**	**10,773**	**12,333**	**21.9**	**30.9**	**30.8**	**0.6**	**1.0**	**0.9**
Distribution Income- Life Insurance	3,840	6,774	8,796	12.7	19.4	22.0	0.4	0.6	0.7
Distribution Income- General Insurance	936	1,872	1,508	3.1	5.4	3.8	0.1	0.2	0.1
Distribution Income- Others	213	153	170	0.7	0.4	0.4	0.0	0.0	0.0
Other financial activities	1,636	1,975	1,859	5.4	5.7	4.7	0.2	0.2	0.1
Insurance Commission				**15.8**	**24.8**	**25.8**	**0.5**	**0.8**	**0.8**
Poonawalla Fincorp	**732**	**1,923**	**4,198**	**5.3**	**13.6**	**21.7**	**0.3**	**0.7**	**0.9**
Collection and Support Services	64	28	21	0.5	0.2	0.1	0.0	0.0	0.0
Foreclosure income	317	356	781	2.3	2.5	4.0	0.2	0.1	0.2
Insurance commission income	18	387	1,291	0.1	2.7	6.7	0.0	0.1	0.3
Fees on value added services	141	398	1,168	1.0	2.8	6.0	0.1	0.1	0.2
Others	192	754	937	1.4	5.3	4.8	0.1	0.3	0.2
Insurance commission				**0.1**	**2.7**	**6.7**	**0.0**	**0.1**	**0.3**

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Particulars	Fees and commission income (INR m)			% of PBT			% of average assets		
Fees and Commission Income	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**
Piramal Finance	**5,597**	**4,395**	**4,340**	**46.8**	**27.8**	**18.9**	**0.7**	**0.5**	**0.4**
MAS Financial	**653**	**819**	**1,077**	**19.7**	**20.0**	**22.0**	**0.8**	**0.8**	**0.9**
Credit Access Grameen	**924**	**1,016**	**1,359**	**4.8**	**14.3**	**13.2**	**0.4**	**0.4**	**0.5**
Service fees for management of assigned portfolio	1	2	2	0.0	0.0	0.0	0.0	0.0	0.0
Service and administration charges	5	4	13	0.0	0.1	0.1	0.0	0.0	0.0
Distribution Income	919	1,010	1,344	4.7	14.3	13.0	0.4	0.4	0.4
Bajaj Housing	**1,382**	**2,012**	**2,971**	**6.4**	**7.3**	**8.9**	**0.2**	**0.2**	**0.3**
Distribution Income	785	1,451	2,140	3.6	5.2	6.4	0.1	0.2	0.2
Service and administration charges	376	337	405	1.7	1.2	1.2	0.1	0.0	0.0
Foreclosure income	222	224	426	1.0	0.8	1.3	0.0	0.0	0.0
Manappuram	**1,076**	**719**	**431**	**3.6**	**4.3**	**3.4**	**0.2**	**0.1**	**0.1**
Foreign exchange commission	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Money transfer commission	30	19	9	0.1	0.1	0.1	0.0	0.0	0.0
Referral Fee		-	28	-	-	0.2	-	-	0.0
Brokerage and commission	1,041	703	393	3.5	4.2	3.1	0.2	0.1	0.1
Fee received from IT services	5	-2	-	0.0	-0.0	-	0.0	-0.0	-
CANF	**332**	**357**	**424**	**3.5**	**3.3**	**3.3**	**0.1**	**0.1**	**0.1**
Processing & Other Fees	256	271	302	2.7	2.5	2.3	0.1	0.1	0.1
Insurance Commission Income	76	85	122	0.8	0.8	0.9	0.0	0.0	0.0
Insurance Commission				**0.8**	**0.8**	**0.9**	**0.0**	**0.0**	**0.0**

Note: Contribution is calculated % of PPOP in case of Poonawalla, Piramal and Fusion; Source: MOFSL, Company

Particulars	Fees and commission income (INR m)			% of PBT			% of average assets		
Fees and Commission Income	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**
Five Star	**219**	**322**	**465**	**2.0**	**2.2**	**3.2**	**0.2**	**0.2**	**0.3**
Legal & Inspection Fees	95	126	162	0.9	0.9	1.1	0.1	0.1	0.1
Other Charges	124	196	304	1.1	1.4	2.1	0.1	0.1	0.2
Spandana Spoorthy	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Prepayment Premium on Loans	13	1,497	4,040	0.0	0.7	1.6	0.0	0.3	0.7
Fee based Income on Loans	583	313	342	0.3	0.1	0.1	0.1	0.1	0.1
Fees on Implementation of Gov Schemes	457	512	403	0.3	0.2	0.2	0.1	0.1	0.1
REC	**2,197**	**3,937**	**12,649**	**1.2**	**2.0**	**6.1**	**0.4**	**0.7**	**2.0**
Fee based Income on Loans	708	2,012	2,156	0.4	1.0	1.0	0.1	0.3	0.3
Prepayment Premium on Loans	507	1,388	9,823	0.3	0.7	4.7	0.1	0.2	1.6
Fees on Implementation of Gov Schemes	1,145	538	670	0.6	0.3	0.3	0.2	0.1	0.1
LIC HF	**491**	**371**	**788**	**0.8**	**0.5**	**1.1**	**0.0**	**0.0**	**0.0**
Processing & Administrative Fees	148	157	461	0.2	0.2	0.7	0.0	0.0	0.0
Other Charges	344	214	327	0.6	0.3	0.5	0.0	0.0	0.0
AAVAS	**867**	**1,075**	**1,130**	**13.9**	**14.7**	**13.4**	**0.6**	**0.6**	**0.6**
Insurance Commission	269	377	355	4.3	5.1	4.2	0.2	0.2	0.2
Other Fee Income	598	698	775	9.6	9.5	9.2	0.4	0.4	0.4
Insurance Commission				**4.3**	**5.1**	**4.2**	**0.2**	**0.2**	**0.2**

Note: Contribution is calculated % of PPOP in case of Poonawalla, Piramal and Fusion; Source: MOFSL, Company

Particulars	Fees and commission income (INR m)			% of PBT			% of average assets		
Fees and Commission Income	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**
Fusion MF	**417**	**151**	**158**	**4.1**	**2.1**	**4.4**	**0.4**	**0.2**	**0.2**
Facilitation Fees	417	145	2	4.1	2.0	0.1	0.4	0.1	0.0
Income from Business correspondence	-	7	9	-	0.1	0.2	-	0.0	0.0
Income from corporate agency	-	-	147	-	-	4.1	-	-	0.2
PNBHF	**2,729**	**3,643**	**3,945**	**14.0**	**14.7**	**13.3**	**0.4**	**0.5**	**0.4**
Fee Income	412	444	408	2.1	1.8	1.4	0.1	0.1	0.0
Fees income on corporate insurance agency	1,416	2,323	2,539	7.2	9.3	8.5	0.2	0.3	0.3
Other charges recovered	901	876	998	4.6	3.5	3.4	0.1	0.1	0.1
Insurance Commission				**7.2**	**9.3**	**8.5**	**0.2**	**0.3**	**0.3**
HomeFirst Finance	**99**	**453**	**827**	**2.5**	**9.0**	**11.7**	**0.1**	**0.4**	**0.6**
Insurance commission	-	332	702	-	6.6	9.9	-	0.3	0.5
Fee Income	99	121	126	2.5	2.4	1.8	0.1	0.1	0.1
Insurance commission				**-**	**6.6**	**9.9**	**-**	**0.3**	**0.5**
Repco	**188**	**215**	**257**	**3.6**	**3.7**	**4.4**	**0.1**	**0.2**	**0.2**
Insurance Income	24	53	102	0.5	0.9	1.7	0.0	0.0	0.1
Penalty Income on term loans	109	96	92	2.1	1.7	1.6	0.1	0.1	0.1
Other charges	56	66	64	1.1	1.1	1.1	0.0	0.0	0.0
Insurance Commission				**0.5**	**0.9**	**1.7**	**0.0**	**0.0**	**0.1**

Note: Contribution is calculated % of PPOP in case of Poonawalla, Piramal and Fusion; Source: MOFSL, Company

Particulars	Fees and commission income (INR m)			% of PBT			% of average assets		
Fees and Commission Income	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**	**FY24**	**FY25**	**FY26**
Northern Arc	**849**	**926**	**975**	**20.2**	**24.0**	**18.2**	**0.8**	**0.7**	**0.6**
Income from guarantee facility	40	22	0	1.0	0.6	0.0	0.0	0.0	0.0
Professional Fee	384	445	512	9.1	11.5	9.6	0.4	0.4	0.3
Management Fee	280	308	328	6.7	8.0	6.1	0.3	0.2	0.2
Others	144	151	135	3.4	3.9	2.5	0.1	0.1	0.1
AB Capital	**7,975**	**7,560**	**9,095**	**17.7**	**15.6**	**17.3**	**0.4**	**0.3**	**0.3**
HDB Financial	**9,531**	**11,924**	**13,663**	**0.3**	**0.4**	**0.4**	**1.2**	**1.2**	**1.2**
Muthoot Finance	**894**	**1,099**	**2,077**	**1.6**	**1.6**	**1.5**	**0.1**	**0.1**	**0.1**
Tata Capital	**10,459**	**17,745**	**16,964**	**23.8**	**36.1**	**25.9**	**0.7**	**0.8**	**0.6**
Loan Servicing and other charges		3,993	5,321		8.1	8.1		0.2	0.2
Foreclosure charges		1,859	2,556		3.8	3.9		0.1	0.1
Fees and commission on value added products		7,541	7,879		15.3	12.0		0.4	0.3
Advisory Fees		219	469		0.4	0.7		0.0	0.0
Others		4,134	738		8.4	1.1		0.2	0.0

Note: Contribution is calculated % of PPOP in case of Poonawalla, Piramal and Fusion; Source: MOFSL, Company

Exhibit 1: Valuation matrix for MOFSL NBFC Coverage

Val summary	Rating	CMP (INR)	Mkt. Cap (INRb)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
				FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
MSME															
Five-Star	Buy	550	155	40.7	49.1	289	335	6.8	6.6	15.1	15.7	13.5	11.2	1.9	1.6
Housing Finance															
LIC HF	Neutral	572	311	103.2	108.7	834	921	1.7	1.7	13.0	12.4	5.5	5.3	0.7	0.6
PNB HF	Buy	1,140	293	95.4	111.6	825	928	2.4	2.3	12.2	12.7	12.0	10.2	1.4	1.2
Bajaj Housing	Neutral	84	692	3.6	4.4	31	35	2.1	2.1	12.5	13.5	23.1	18.8	2.7	2.4
Aavas	Neutral	1,286	104	96.0	112.0	733	845	3.3	3.3	14.0	14.2	13.4	11.5	1.8	1.5
HomeFirst	Buy	1,205	126	66.4	76.1	479	551	4.1	3.8	14.8	14.8	18.1	15.8	2.5	2.2
CanFin	Neutral	758	101	83.4	93.6	519	597	2.3	2.3	17.2	16.8	9.1	8.1	1.5	1.3
Repco	Neutral	355	22	73.5	79.1	693	767	2.7	2.6	11.2	10.8	4.8	4.5	0.5	0.5
Vehicle Finance															
Cholamandalam	Buy	1,770	1,501	83.7	98.1	444	539	2.7	2.7	21.0	20.0	21.1	18.0	4.0	3.3
MMFS	Buy	349	489	26.1	30.1	197	218	2.3	2.4	13.9	14.5	13.4	11.6	1.8	1.6
Shriram Finance	Buy	1,007	1,892	60.1	71.1	497	554	4.0	4.0	15.5	13.5	16.8	14.2	2.0	1.8
Indostar	Buy	228	38	12.4	20.7	246	267	1.9	2.7	5.2	8.1	18.4	11.0	0.9	0.9
Gold Finance															
Muthoot	Neutral	2,854	1,134	263.5	316.0	1,166	1,437	5.3	5.3	25.0	24.3	10.8	9.0	2.4	2.0
Manappuram	Neutral	320	300	24.1	29.5	190	214	3.0	3.0	13.9	14.6	13.3	10.9	1.7	1.5
Diversified															
BAF	Buy	1,040	6,274	42.5	52.6	224	268	4.2	4.2	20.7	21.4	24.4	19.8	4.6	3.9
Poonawalla	Buy	478	413	17.7	29.3	164	191	2.1	2.4	12.6	16.5	27.0	16.3	2.9	2.5
ABCL	Buy	402	1,085	18.5	23.6	156	176	-	-	13.1	14.2	21.7	17.0	2.6	2.3
LTFH	Buy	311	760	15.9	20.0	125	141	2.5	2.6	13.5	15.1	19.5	15.5	2.5	2.2
Piramal Finance	Buy	2,235	498	106.4	162.8	1,342	1,480	2.0	2.5	8.2	11.5	21.0	13.7	1.7	1.5
MAS Financial	Buy	285	52	25.3	29.1	183	209	3.2	3.1	14.8	14.8	11.3	9.8	1.6	1.4
IIFL Finance	Buy	632	262	65.1	80.9	388	463	3.0	3.1	18.2	19.0	9.7	7.8	1.6	1.4
HDB Financial	Neutral	671	559	39.8	47.6	289	336	2.5	2.6	14.8	15.2	16.8	14.1	2.3	2.0
Jio Financial	Buy	232	1,461	3.2	4.8	233	257	1.6	2.0	4.5	7.5	72.3	48.6	1.0	0.9
Northern Arc	Buy	313	51	34.9	44.7	276	321	3.0	3.2	13.5	15.0	9.0	7.0	1.1	1.0
Tata Capital	Neutral	350	1,438	16.0	21.2	125	147	2.1	2.3	13.7	15.6	21.9	16.5	2.8	2.4
Microfinance															
CreditAccess	Buy	1,350	217	124.4	137.5	614	751	5.6	5.1	22.6	20.1	10.8	9.8	2.2	1.8
Fusion Finance	Buy	184	30	19.6	28.4	172	200	3.5	4.3	12.1	15.3	9.4	6.5	1.1	0.9
Spandana Sphoorty	Neutral	232	20	14.8	33.5	277	311	1.8	3.2	5.7	11.4	15.7	6.9	0.8	0.7
Power Financiers															
PFC	Buy	347	1,143	61.1	63.4	353	398	3.2	3.1	18.4	16.9	5.7	5.5	1.0	0.9
REC	Buy	312	811	63.2	65.9	365	409	2.5	2.4	18.5	17.0	4.9	4.7	0.9	0.8

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